FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW

OCTOBER, 1928

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FOREIGN AFFAIRS

Vol. 7 OCTOBER, 1928 No. 1

AFTER TEN YEARS: EUROPE AND AMERICA

By Hamilton Fish Armstrong

BAFFLED by the feats of imagination that had been demanded of them during five years, exhausted by the renunciation of accustomed moral distinctions no less than by physical trials, men sought relief in 1919 in the oblivion of routine. They had known what it was to be "ever climbing up the climbing wave." They laid themselves down on the shore, glad merely to be alive.

In the United States, where the actual conflict had been shorter and less a matter of personal experience, the recoil should by all rules have been less complete than in Europe. But our material and financial power, our happy geographical position, our prestige as a result of our charity in the early years of the war and our participation in the final victory, gave us both the temptation and the opportunity for a relaxation that the Old World could not attain. We had broken bonds of custom and forged innumerable new ones, but many of the changes in our physical life could be, and were, simply carried over into a more efficient peacetime routine.

Not so Europe. The fabric was torn from top to bottom. Constantinople and Petrograd had fallen from their high estate (to be imitated the other day by Peking). Hapsburgs, Hohenzollerns, Romanoffs had vanished. The Sultanate soon followed, and the Caliphate went next. They left hardly a vestige of their dynastic personalities, but the vacuum created by their disappearance had to be filled. Conventions that despite political and industrial revolutions had persisted for centuries, were snapped almost simultaneously and amid an unprecedented chaos of forces and ideas. Peoples recently enemies, and fearful of being enemies again, glowered across little rivers, narrow straits, rows of white posts marking new frontier lines, yet, tired as they were, did not dare indulge in the luxury of forgiving and forgetting.

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While the United States across the water relaxed with a groan of contentment, Europe leaned panting against the flanks of her cannon.

Both inevitably suffered from modern complaints — Europe from an inferiority, America from a superiority complex. Because Europe felt herself at a disadvantage physically she tended to "compensate" by exaggerating the superior moral merits which she naturally thought her longer ordeal of fire had proved her to possess. Because Americans felt in their heart of hearts that this might really be true, they tended to talk about the iniquity of European rivalries, trade barriers and smoldering fires of hate. The fact that American representatives had participated in drafting the peace treaty which the American Senate proceeded to reject did not make one side feel more amicable or the other more comfortable. French vexation further increased when the American Government made no attempt to secure ratification of the tripartite agreement to lend assistance in case of fresh German aggression. As time passed, too, the United States made plain its intention of refusing to accept German reparation engagements in lieu of sums due on inter-allied debt account, and at the same time adopted the Fordney Tariff Act which besides rendering it more difficult for the debtor nations to pay in goods delayed the reconstruction of their industries. Indeed, Europe did not have to hunt far for an excuse to attribute a good share of its economic troubles to the behavior of the United States. Nor did our new immigration restriction policy, justified as it seemed to some most liberal-minded Americans, endear us to foreign countries where poverty and unemployment were chronic. Could there have been better provender for nourishing general recrimination?

Given the incitement, recriminations have really been less bitter and less disastrous in their results than might have been expected. There has been no open break. The European states have pulled together enough to avoid official hostilities, even over particularly sore spots like the Ruhr, Vilna, Danzig, Silesia, Fiume, the Tyrol, the Burgenland, Transylvania, Albania and Macedonia. But they have had interests sufficiently divergent to keep from pulling together against the United States. There has been nothing resembling a united front against us, even in matters of obviously common concern like the debts. Frank criticism and frank envy of us there have been, sometimes in

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abundance. But we have claimed such virtue for our own frankness, for our willingness to "face facts," that only our most schoolmasterish publicists have been able to feel injured when a high-minded critic like Lord Cecil recounts our alleged shortcomings.

In extenuation of what those who are irritated by European criticism are inclined to call European jealousy of the United States, we must take into account that the Old World does in fact occupy a far less predominant position than it did fifteen years ago. The war took fearful toll of its man-power, and a steady decrease in the birth-rate of several of the principal nations has made the handicap heavier still. The world's center of financial and economic gravity has commenced to shift across the Atlantic. The year before the war our foreign investments amounted to $2,625,000,000; at the end of last year they were $14,500,000,000, and the first six months of 1928 added over a billion to the total. On the political side, the influence of non-European states in the affairs of Europe was greatly increased during the war, and is to some extent maintained at Geneva. The British Empire's transmutation into a Commonwealth has shaved off some of London's prerogatives and added them to Ottawa, Pretoria, Canberra and other distant capitals. The grant of virtual independence to the dominions and to the Irish Free State has relieved Great Britain of some of the most pressing difficulties growing out of the development of her marvellous Empire. But some persons in those dominions are rude enough to say that it was less a grant than an unenthusiastic recognition of the fact demonstrated in the war that, despite the hearty response of the dominions to their Empire responsibilities, they would thenceforward expect a larger share in the development of Imperial policy and would exact liberty of action in foreign matters touching their own vital interests. It was ironical that at the very moment when this development had come to a head the opponents of our entry into the League of Nations should have emphasized the "six-votes-to-one" slogan as a principal reason against our braving the perils of Geneva. In case of trouble over the foreign problems which recently have most concerned American public opinion, for example the restriction of Asiatic immigration or the protection of the rights of nationals in backward countries, does anyone believe that Canada, Australia and New Zealand would always be found on the side of Downing Street?

It is natural that these changes in the old equilibrium should

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make Europe self-conscious and ill at ease. We ourselves are comfortably convinced that we are the most pacific of nations. We are sure that no stock need be taken in "the menace of Anglo-Saxon imperialism," a favorite expression with anti-English and anti-American writers on the continent, who do not know, and perhaps cannot be expected to know, that popular feeling in the United States inclines no more toward a special arrangement with Great Britain than with any other country. Similarly, we are positive that the divergent aims of all the highly dissimilar states of this hemisphere will never allow them to unite in an efficient Pan-American bloc that can oppose or harm the rest of the world. But those who cannot read our hearts are not to be blamed for feeling annoyed that we have so large a share of the world's prosperity and power, the more so as we sometimes give the impression of believing that the possession of money automatically confers a sort of moral superiority.

It is difficult to generalize about events as complicated and contradictory as those that have held the attention of the world's statesmen, economists and financiers in the decade since hostilities ceased after the armistices with Bulgaria on September 29, with Turkey on October 30, with Austria-Hungary on November 3, and with Germany on November 11, 1918. Over six months were to elapse between Maréchal Foch's meeting in the Forêt de Compiègne with the delegates of the new German Republic, and June 28, 1919, when the present Chancellor of the German Reich, then a comparatively inconspicuous Socialist leader, set his signature to the Treaty of Versailles. But the period of "The Peace" had begun, the period for estimating the changes brought by the war, for repairing the damages, and for endeavoring, if possible, to make it less likely that such a catastrophe should again overtake the civilized world. At the end of ten years — more than twice the time the war itself lasted — how much has been achieved?

On the material score, a great deal. The battlefields are again tilled, roads, railroads, bridges and mines have been reconstructed, towns rebuilt; only here and there in Northern France, in Macedonia, in Venezia, do the gaunt ruins of individual buildings remind the traveler of the carnage and utter devastation spread across these regions ten years ago. Certain classes were seriously crippled in most European countries by the depreciation of the

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currencies in which they had put their savings, great or small; their lot has been pathetic, but cruel as it may seem to speak impersonally about them, we must note that in one way or another they are adjusting themselves to new conditions and no longer constitute a political problem.

So with the refugees and exchanged populations. The Russians of the old régime, at first concentrated mainly in Constantinople, have been absorbed all over the continent. They have been treated with particular hospitality in Jugoslavia, Czechoslovakia and Bulgaria. In those countries leaders like General Wrangel tried for a time to maintain their unity and some sort of organization, but this effort has now been abandoned; few of them, if any, are likely ever again to play a rôle in the internal affairs of their own land. The political exiles from Italy of Mussolini, from Hungary of Horthy, and from Spain of Primo de Rivera form restless but for the time being ineffective little groups in London, Paris, Vienna and Brussels; some of them may be heard from again, but at the moment there are no signs of an early overturn of any of the régimes which have forced them to seek shelter under the free institutions of other peoples. The exchanged populations have undergone great losses and privations, but, like pioneers in a wilderness, their children will benefit from their sufferings. The general task of maintaining peace has undoubtedly been served by making several of the new political frontiers better from the ethnic point of view. For example, Greek Macedonia is wholly Greek today for the first time in history, and the populations of Thrace and Asia Minor are more homogeneous than ever before. Greece herself certainly will profit eventually from the introduction of the hardy, laborious Anatolian Greeks into the economy of the homeland.

Under the leadership of the most resolute statesman in Europe, and out of her own resources, France has now made the sacrifices necessary for a return to the gold standard. This leaves Spain the only considerable nation of Western Europe which has not *de jure* stabilized its currency, and she could stabilize tomorrow if she wished. Great Britain is on the "bullion standard," her currency being convertible into gold ingots on demand. Germany, Belgium and Italy are on the "gold and valuta standard," their currencies being supported by reserves of gold and foreign exchange. Some of the smaller countries are in process of stabilizing or have postponed taking the final step because of nationalist

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feeling — Portugal, for example, has recently refused a League stabilization loan because French, British or American experts were to sit on the board of the National Bank and watch the expenditure of loan monies. Bulgaria is negotiating the terms on which a National Bank will be constituted and a League loan supplied, and Rumania, after having refused certain limitations which the League decided to impose, is now seeking the aid of the Bank of France to set up a practicable scheme of currency stabilization. Jugoslavia will likely be the next to undertake this task, aided by British and American bankers. Hungary, Austria, and Greece have stabilized through the League and with American and other financial support; Czechoslovakia, Poland and the Baltic states with general international coöperation. Switzerland, Holland, Sweden, Norway and Denmark, whose currencies had not been so seriously affected, have maintained or reëstablished pre-war parity, mainly out of their own resources. Currency stabilization has removed the most dangerous obstacle to the revival and sound health of European industry and trade.

The defeated countries have been on the horns of a dilemma — to talk rich or to talk poor? If they talked rich in order to secure foreign funds for rehabilitation and fresh development, they risked seeming prosperous enough to pay larger reparations. If they talked poor to escape reparation payments, what became of their attraction for foreign investors? Some of the war-time associates of the United States have felt the same difficulty in their desire simultaneously to scale down the debts and to preserve their credit. As a British journalist remarked, "Banks do not invest in a tragedy." All this has tended to keep the real economic situation of Europe obscure.

Today we are able to see that, industrially, France is well off, better off perhaps than she was in 1914. Germany's plants are in many instances more modern and efficient than they were before the war, and though her industries have had to borrow large sums abroad and must pay levies for the Dawes annuities, these obligations generally are in lieu of a pre-war indebtedness which was all but wiped out when the old mark was virtually repudiated. English industry, though recovering, suffers from deep-seated maladjustments. In particular, she has been hard hit by the world-wide depression in the coal industry, her coal having always been a principal factor in her export trade and shipping.

In general, it would not be far wrong to say that the immediate

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economic effects of the war are making themselves felt in diminishing scale, and that many of the difficulties that face certain countries would inevitably have appeared sooner or later even if the war had not occurred. For example, it is quite likely that the pre-war rate of expansion of German industry and overseas enterprise, and new factors such as the development of cotton milling in the Orient, would before long have placed England in the same disadvantageous position, supposing there had been no war, in which she finds herself today. Germany's former rulers, in fact, may be justly criticized for having failed to realize that without a gun fired or a soldier killed they stood to achieve all the economic advantages that they might or might not gain by the gamble of war. An English historian said in 1923 that the Anglo-German feud for primacy at sea ended at Scapa Flow; even five years ago it would have been more cautious to note the many signs of Germany's maritime renaissance, and either to have limited this generalization to purely naval rivalry or else to have made clear that it applied to a single dramatic phase in the commercial struggle which seems the destiny of the two countries. Again, Italy's handicap in having neither raw materials for the purposes of industry nor coal to use in turning imported raw materials into manufactured goods has no connection with the war, and the need for water power development to ameliorate her economic situation was merely emphasized by the necessities of war and of post-war reconstruction. As between the states of Europe, so between Europe and America. Just as the war did not create American industrial prosperity and financial power, but merely accelerated the rate at which our material resources and manufacturing efficiency made themselves felt, so the war did not produce most of the difficulties that Europe is experiencing in maintaining its trade against American competition, but merely intensified them and brought them sooner to a head.

During the fiscal year beginning this present September — the first year of full reparation payments under the Dawes Plan — Germany is due to pay over to the Allies two and a half billion reichsmarks, or $595,500,000. Mr. Gilbert, Agent General for Reparation Payments, believes that the needed sums will be forthcoming and he gives no indication of doubting that they can be transferred. At the same time he states the desirability, from the standpoint of the creditors as well as the debtor, of fixing the

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total amount of the indebtedness; for, as is well known, the Dawes Committee merely provided for an indeterminate series of annuities without mentioning any capital sum. Their only statement on this score was that the Plan would give a practical demonstration of what Germany could pay.

At the moment, then, discussion of the perennial reparation question turns on how to fix Germany's indebtedness once for all. At first sight it may appear unlikely that while the Dawes Plan is still in successful operation the Allies will of their own accord meet and agree to scale down the total sum, which remains nominally the 132,000,000,000 gold marks set by the Reparation Commission in 1921. We might logically assume that the Allies would be especially unwilling to begin such conversations if, following the promptings of certain German circles, the German Government seemed likely to ask that the total be fixed at less than 42,000,000,000 reichsmarks, the capital figure which is obtained if we suppose that the standard year payment of two and a half billion marks represents annual interest at five percent and an annual amortization charge of one percent, which would retire the capital sum in 37½ years. But the Allies can probably see many advantages in a final settlement — political, economic and financial. Germany would have more pride in paying her debts if thrown on her own resources and freed from foreign supervision. If the sum were fixed and she failed to pay interest she would be frankly insolvent; whereas at present the Dawes Plan expressly provides that reparations need not be transferred if to do so would unsettle the German currency. One proposal is to fix the total German reparation debt at 42,000,000,000 reichsmarks, about $10,000,000,000, and then gradually commercialize the whole amount by a series of bond issues. In this case the 16,000,000,000 reichsmarks worth of German railroad and industrial securities already pledged under the Dawes Plan would presumably be merged in Germany's new general debt. However achieved, the commercialization of the total debt would remove from the political sphere one of the chief causes of friction and uncertainty of the post-war period.

There seems scant reason for believing, however, that the United States Government will permit changes in the reparation arrangement to affect the settlement of the inter-allied debts. We shall continue to maintain the theory that there is no connection between two pockets in the same pair of trousers. But the

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inter-allied debts have been left in unstable equilibrium, and few would care to prophesy that a reconsideration of them will not be in order before the end of the sixty-two year period. Even today it would be hard to refuse a firm offer of cash down in discount of the annuities due over a long period.

Of the political effects of the peace treaties, it may be said at once that they diminished the power of autocratic dynasties in the world and established more firmly the principle of nationality. The appearance of personal dictatorships in several countries does not invalidate this statement, nor does it need dishearten too greatly those who have faith in parliamentary government. In the autumn of 1920 many observers, inside Italy as well as out, imagined that country on the brink of anarchy. They interpreted the violent symptoms of post-war neurasthenia, the lawlessness tolerated by a succession of spiritless governments, as incipient bolshevism. But where did bolshevism not seem to exist? In staid Boston itself the police went on strike, an event without a parallel in Italy at the most disorganized moment. Even after the crisis had passed, Signor Mussolini was able to avail himself of conservative fears to organize a *coup d'état* and manœuver the country onto a completely new course. But he has never represented a deliberate choice of "autocracy" on the part of the Italian people in the sense that Napoleon III — "the crowned *Carbonaro*," adoring personal prestige but forever praising the "supremacy of the people" and holding elections and plebiscites — entered into the imagination of the French and for a time retained their enthusiastic allegiance. Today there is evidence that many of the industrialists who supported Signor Mussolini at first are far from happy, and the Senate vote on the new electoral law abolishing the last relic of free elections (the number of Senators who abstained plus the number who cast adverse votes constituted a majority of the house) seems to indicate discontent in the most conservative ranks. It is natural that those with a substantial stake in the economic life of the country, as well as adherents of the House of Savoy, should be nervous; for the use of force breeds force. One can only hope that what material progress Italy has made will not be wasted, that when the pendulum swings back it will not go too far, and that the democratic government of tomorrow will be more efficient and more wholesome than that of yesterday.

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From Fascist Italy our thoughts run naturally to Soviet Russia. The "turn to the Right" there which was confidently predicted when Trotsky was delivered into exile, proves to have been only one more of the zig-zags in internal policy which have confused and confounded observers since the earliest days of bolshevik power. International policy toward the Soviets must evidently await the determination of Soviet domestic doctrine. Does the present régime seek merely a consolidation of the hard-won Russian revolution, or does it still nourish Marxian dreams of revolution all over the world? In other words, which is the authorized spokesman, the Foreign Minister, who may use most proper and even conciliatory language toward the Foreign Offices of other states, or the Third International, which may still be preaching and planning violence? The answer to this kind of question seems at the moment as much in doubt as it ever was.

One indirect achievement of the peace treaties was a widespread agrarian reform. The Russian peasant had already got his land. No sooner had the subject peoples of Austria-Hungary secured their freedom than they set to work to divide up the great estates of the German and Magyar nobles. Of the so-called Succession States, Hungary alone has lagged in effecting a thorough and comprehensive reform in favor of the peasant who tills the soil. Agricultural production in Central and Eastern Europe has diminished in consequence, though less than was predicted, mainly because the development of the coöperative movement is making up for the lack of central planning and control and even for the difficulty of purchasing and utilizing expensive modern farm machinery.

We have heard so much of the alleged iniquity of the peace treaties that out of weariness we begin accepting the statement uncritically. Some errors in territorial details are indeed obvious, not to mention things theoretically as indefensible as the prohibition of Austria to join Germany, and stupidities such as the provision for the trial of the Kaiser. Today, just forty years after Wilhelm Hohenzollern ascended the imperial throne under Bismarck's tutelage, the world no longer cares whether or not he is still alive; luckily, the project of replacing his wilted laurels with a martyr's crown was never carried out. But by and large the territorial provisions of the treaties as actually adopted were fairer and more scientific than in 1918 seemed likely in view of various inter-allied undertakings and given the pas-

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sionate feelings aroused by years of struggle. The decision to hold plebiscites in several instances, as at Klagenfurt and in Schleswig, prevented some *ex cathedra* decisions that would have worked hardship on one side or the other. In any case, a comparison of the territorial decisions made at Paris with the aims openly avowed by the Hohenzollern and Hapsburg Governments during the war shows that on the whole they were moderate.

This may sound like faint praise. An important point remains to be made in their favor. Far more people live today in national groups of their own choosing than did in 1913. Of course proponents of the principle of the self-determination of peoples are mute just now in countries where there are dictatorships based on the doctrine that might makes right, and the principle is also rather out of fashion in countries like England and the United States which have had no recent experience with dictatorship or alien rule. But there is no ground for supposing that self-government is unsatisfactory to most of the peoples who for the first time in modern history are ordering their own affairs and exercising the pleasant prerogative of making their own mistakes. The number of such peoples is an imposing one. Before the war six Great Powers — Great Britain, France, Germany, Austria-Hungary, Italy, Russia — influenced decisively the international destinies of fifteen lesser European states — Spain, Portugal, Switzerland, Belgium, Holland, Denmark, Sweden, Norway, Rumania, Serbia, Bulgaria, Albania, Montenegro, Greece and Turkey. The war and the peace treaties reduced the number of the Great Powers and increased the number of the lesser states to twenty-two, by the substitution of Austria and Hungary for the Austro-Hungarian Empire and the addition of Poland, Czechoslovakia, Esthonia, Finland, Latvia and Lithuania (two states on the previous list, Serbia and Montenegro, merged to help make Jugoslavia). Not only are there fewer big Powers and more smaller ones; on the new list of lesser states are found a larger proportion than before of countries that might be called "middle-sized." Four of the new or enlarged states — Poland, Jugoslavia, Rumania and Czechoslovakia — are very active in European politics today, and the first two possess imposing military forces. Other states, like Belgium and Spain, have taken on new importance, the former as a result of her rôle in the war, the latter because she now considers herself the spokesman in Europe for the Hispanic peoples of the Western Hemisphere. Moreover,

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the lesser members of the League of Nations profit from the protection which that organization gives them and enjoy the publicity conferred on them by the right to be heard in its deliberations.

The situation of minorities in the new scheme of things is also fundamentally different from what it used to be. The peace treaties left something over thirty millions of the population of Europe as national and religious minorities. The Great Powers, besides feeling a moral responsibility for the settlement, knew that the chief burden of maintaining it would fall on their shoulders. They therefore induced all the new or aggrandized states to sign treaties promising that alien elements should be as well treated as citizens belonging to the dominant racial groups. The supervision of these treaties, and of the supplementary declarations made by several countries before the Council of the League of Nations, was entrusted to the League. The states that were persuaded to sign these treaties and make these declarations have never been happy about them. They look on them as an abridgment of their sovereignty, and have not tired of pointing out that the Great Powers refused to give similar undertakings regarding the treatment of minority elements left inside their own frontiers, such as the Germans in South Tyrol and the Slovenes in Gorizia. Some critics feel that the League has not installed adequate machinery for supervising the treaties, and that a permanent subcommittee of the Council might well be set up to coöperate with the Minority Section of the Secretariat in examining petitions and hearing the representatives of dissatisfied groups. It is hard to judge whether the criticism is well founded so long as information is withheld as to the kind and number of petitions received at Geneva. Nevertheless, the work of the League in these matters represents an advance upon the selfish and uncoördinated action that the Powers used to take by fits and starts before the war, notably in Turkey-in-Europe; and the mere fact that minority rights have been recognized by treaty, even if in practice they are sometimes unfairly curtailed, places the problem on a different plane.

The subject is complicated, and it is arguable that the attempt to maintain the individuality and strength of inharmonious elements is unwise, that the abridgment of sovereignty is not permissible. In point of fact, the adoption of minority treaties was dictated by expediency and not by political theory. At the Peace Conference, the process of *reductio ad absurdum* made it evident

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that the right to self-determination of small and often isolated ethnic groups must be balanced against the right of larger groups to establish viable states. The minority treaties were the expedient chosen to compensate those entitled in theory to self-determination but in practice denied it, such as the German and Magyar "islands" in Transylvania and the German sector in Bohemia. Perhaps it would have been better to limit the validity of all these treaties to a term of years, as was done in the case of the German-Polish convention about Upper Silesia. There are many among the rulers of the new states who remember the futility of the old German, Magyar and Russian efforts at forcible denationalization. Already an increase in stability and prosperity, and the passing of the war psychology, have made it easier for these to gain a hearing and arrange that a more sensible regard be shown for the political rights of minority elements.

Evidence that this is indeed so is furnished by a recent editorial in the *Prager Tagblatt*, the leading German daily newspaper of Prague. Commenting on the celebrations in honor of the tenth anniversary of the founding of the Czechoslovak Republic, it says:

"No one can wonder that the Czech nation should greet the anniversary of the founding of their State with jubilation and conscious optimism. The largest and most important racial minority has made its peace with the new order of things, and even the German Opposition parties have, with the exception of some few negligible romantic spirits, foresworn irredentism. . . . The Germans of Czechoslovakia have lived for the past ten years in a State which was established against their will. The force of time, of custom and of facts has reconciled them in principle with this State in which they are no longer yoke-bearing slaves but citizens who coöperate and feel that their word can not be overlooked. In these days of festal commemoration by those who founded this State each individual German asks himself what his attitude to the festivities shall be. The answer to the question is simpler than it seems. No reasonable Czech will expect jubilation and enthusiasm from us Germans — he would indeed find offensive hypocrisy therein. A due comprehension and appreciation of the legitimate joy of others, a discreet reserve, an avoidance of all that could disturb, and an unostentatious readiness to collaborate in official functions is assuredly all that can be asked of the Germans, and is what they can, without compromising themselves, willingly offer and give."

The reaction of the United States to the developments that took place in Europe after the signature of the Treaty of Versailles was at first one of utter weariness. The turn taken by political events at home intensified the feeling that we should be happier if in the future we avoided world politics. The battle for

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and against the League of Nations is now an old story. It is hard today to say anything new about the League, and hard to say anything about our relationship with it that does not sound either like a straddle or an extremely partisan statement. There are faults in the organization of the League and there are undoubted blemishes on its record. One blemish that recurs is the habit of tying the hands of national delegates — sometimes far in advance, as in the declaration by members of the Conference of Ambassadors on November 9, 1921, regarding the course to be pursued by their colleagues at Geneva in dealing with Albania; but it is difficult to see how this sort of thing can be avoided, particularly at first, in an organization founded to give scope for the expression of strongly different national points of view. The tale of technical and humanitarian achievements of the League has often been told, and indeed can hardly be exaggerated. With many of these activities we have coöperated, but sometimes only after giving our agents such iron-bound instructions that instead of plenipotentiaries they seemed more like messenger boys. We feel very sure of ourselves, but in reality we are not yet so sure of our position in the world that we are willing to speak freely in controversial matters and let accredited representatives speak for us.

We still give signs of cherishing the notion that one escapes "involvement" by avoiding positive action. But lack of action at the proper moment can entail as long a train of disagreeable consequences as can follow any particular positive act. Often a situation is aggravated because a firm hand was not extended promptly or a warning word uttered in time. We were not entangled with Europe in 1914, we were not members of any organization which could urge us or force us to participate in Europe's quarrels, but we found the Atlantic a narrow sea when the act of a neurotic Bosnian youth, half anarchist, half patriot, resulted in a general European war; and before the war was done Americans were fighting and dying in France. It is fruitless to debate whether or not there would have been a war in 1914 if a League of Nations had then existed. Perhaps it was necessary to go through the pain and disillusionment of war on an immense scale in order to bring the general will for organized peace to a point where governments became ready to make sacrifices to secure it. But it is at least open to argument that Germany, even though she failed to estimate the spirit of France and misconstrued England's preoccupation with domestic difficulties, would have held back in the face of

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knowledge that if she encouraged Austria-Hungary to provoke war, and herself joined in, the greater part of the world would be aligned against her from the start.

It was the boast of some of President Harding's spokesmen that the United States was impregnable, self-sufficient and would henceforth "go it alone." The power of our finance and our trade was quoted to support the view. But our bonds of international finance and trade demonstrate not only our prosperity and efficiency but also the extent to which we depend on the good-will of our neighbors and their capacity to pay for our goods. What use is it to have half the gold of the world at our command if we cannot set it to work by lending it, or by buying raw materials which we need but which we do not ourselves produce? The growing realization of this interdependence prompted the creation of the Dawes Committee to help in the rehabilitation of Europe, and fundamentally it lay back of the popular demand which led Secretary Kellogg to offer to negotiate a multi-lateral treaty for the abolition of war as an instrument of national policy.

That there is a body of American opinion sufficiently powerful to make the Secretary of State feel the wisdom of acting at the time he did on M. Briand's proposal is something to be welcomed. But there remains the considerable risk that the good intentions enshrined in Mr. Kellogg's multi-lateral treaty may be accepted for concrete and sufficient achievement, and that the American will to do something constructive for the cause of international peace will be lulled to sleep with a pleasant opiate. The risk is diminished if we do not claim too much for the treaty, if its object is generally recognized as being mainly the education of the world to think in terms of peace rather than war. Indeed, this is proving to be the result, whether it was Mr. Kellogg's object or not. The vagueness of the treaty has set thoughtful people to pondering how to implement its aspirations effectively. For thus bringing matters to a head the Secretary of State deserves thanks, provided the public is constantly reminded that the whole field of action to minimize the causes of war and deal with them efficiently when they arise still remains most inadequately covered, particularly as our new arbitration treaties specifically exclude certain important causes of dispute.

The immediate goal is to bring the special interests of the United States, arising out of its material power and its geographical position, into harmony with the general interests of the world, so

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that, on the one hand, we shall not insist on rights which nullify the will of the other nations to maintain peace (as expressed through the League Covenant, and in particular through Article 16 dealing with economic and financial sanctions), and, on the other hand, the other nations will recognize that they have no right to search or otherwise interfere with our shipping (except by an old-fashioned strict blockade of the enemy's shores) when they engage in a war which is a "private" war and not a collective war against a pirate nation.

How can these two concessions be made? Not by calling a conference on maritime law, as Senator Borah has proposed. The questions under dispute are not of law but of national policy, national will. Clear thought and courageous statesmanship are more needed than a debate on legal technicalities and historical precedent. For example, in case Great Britain is willing to forego the right she claims to blockade our commerce during a private war, are we ready to renounce the right we claim to trade with a country which the majority of the rest of the world, acting through the Geneva organization and upheld by the British fleet, are coercing into good behavior and a respect for formal obligations? We might well be, because as a matter of fact we would gain at both ends. We would gain general recognition of our principle of the freedom of the seas; and by sacrificing of our own accord one segment of that principle, we would help to establish a régime of law and of law enforcement, with increased general security in the world of which we are a part.

The mere discussion of a direct issue of this sort shows how much is left out of account in the bald proposal to "renounce" war. To the multi-lateral treaty there must evidently be added machinery for the regulation of arbitrable disputes, an impartial court for judging disputes which are susceptible of adjudication, and an undertaking as to how states may act together to protect their agreements from being disregarded by pirate nations. These steps in the development of a system for the pacific settlement of international disputes must be accompanied by a clear understanding on the part of the people of all nations — and, above all, of our own — that they are taking serious and very real pledges and henceforth will have duties to perform as well as rights to defend and benefits to gain. Disarmament will then become practicable. If opponents or friends of the League of Nations think all this points the way to some sort of collaboration with the Geneva

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organization they must lay the blame or credit to President Coolidge's Secretary of State.

In the event of agreement with Great Britain regarding the use of the seas in time of war, the reasons that doomed the 1927 Naval Conference to failure would automatically vanish. Few doubt that the fiasco was mainly due to uncertainty regarding the possible attitude of the United States Government towards some eventual British naval action under the terms of the Covenant of the League. True, the Conference met under very unpropitious circumstances; for some reason the ground had not been prepared, and the actual negotiations were entrusted largely to naval officers, who should not be called upon to determine public policy. But the actual disagreement came over the size and number of cruisers, a category of warships not covered by the Washington Agreement. England said that since she is dependent on other countries for food and raw materials for her factories she must be in a position to protect her merchant shipping; she therefore demanded a large number of 8,000-ton cruisers. The United States said she must have enough cruisers to prevent the interference by any belligerent with her rights as a neutral, an interference which the last war showed would occur if any other nation had control of the seas; she felt she needed 10,000-ton cruisers for this service, and proposed building enough of them to equal the tonnage which England would put into 8,000-ton cruisers. England replied that 10,000-ton cruisers were offensive fighting ships, while 8,000-ton cruisers were not. Supposedly an agreement might have been found on the basis of the freedom of the seas, entailing the abolition of contraband and blockade except in the sense that blockade was used before the war, i. e. it must be effective and it must apply to all neutrals; for if contraband and blockade, except in this strict sense, were abolished, the shutting off of supplies from England and the searching and seizure of neutral vessels would be at an end.

The difficulty in the way of this solution was that, as already observed, Great Britain has assumed definite obligations as a member of the League of Nations. She must boycott a member of the League that goes to war in contravention of its agreement under the Covenant, and this boycott can hardly succeed if the United States insists on continuing to trade in munitions and food with the offending state. This is where the 1927 Conference broke down. And any naval parley with Great Britain will break

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down at this point so long as she continues to support the League (as obviously she intends doing), and so long as on this vital matter we fail to clarify our relation with the League. If a League boycott were evidently for the good of the world, it is almost inconceivable that we of our own accord would not refrain from trading with the boycotted nation. Why not say so definitely? The present situation is full of uncertainty. Above all it clouds the Anglo-American horizon.

It is difficult to gather up, even loosely, the guiding threads of these ten years. But it is obvious that in addition to hard-won material progress one great advance has been made. Since states first came into being their foreign relations always have been the playthings of privileged individuals. The League of Nations has now come into existence to provide for the registration of treaties and to afford the opportunity for any state that is discontented or alarmed to appeal to the public opinion of the world. The change in the psychology of Europe has been such that if the League broke up in confusion tomorrow, an attempt inevitably would be made the very next day to re-create it, if possible without the defects that had just led to failure. That in itself represents a change in tradition that momentary difficulties at Geneva must not be permitted to obscure.

The new world war, freely predicted in 1919, has not come, and today seems on the whole less likely to come than at any time since the last one ended. Russia remains a chaotic enigma. But with this vast and obvious exception, and others of less significance, the European world is better off in material things than seemed possible in the autumn of 1918. The English papers again find space to note the appearance of the first cuckoo and to describe the biggest sweet-pea of the local flower shows; the Grand Semaine this year seemed more its pre-war self than on any recent occasion; even in poor Austria, we read, a farmer entertained 500 neighbors at his daughter's wedding festivities with 4 roast pigs, 3 calves, an ox, 400 eggs, 2,300 bottles of wine and vast supplies of cake and pastry. On our side, prohibition has replaced the League of Nations as the football of politics. By and large, the world — at any rate the western half of it — gives indications of becoming year by year more prosperous, more complacent about the future.

Some will not be sure that in the matter of morals we have kept pace with the progress in material reconstruction and with our

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growing feeling of satisfaction that the scars of war are hiding behind a more healthy business aspect. The generation that fought the war is no longer very young. The men who graduated this last June from American universities were ten years old when the *Lusitania* was sunk. To children born in the days when American troops went into action on the Marne that story is not so much less remote than the story of San Juan Hill. At this milepost, ten years after the Bulgarian collapse heralded the crumpling of the Siegfried line, those to whom the war was the greatest event of their lives will want to look back as well as forward. We cannot retrace our steps; if we did, we should find on the roadside chiefly the ashes of dead fires. But we may perhaps pause for a backward glance and try to decide whether at any point our national policy has lacked in good faith, good manners, generosity, a proper sense of responsibility, or any other virtue by which, without being quixotic or emotional, we might have helped the journey of other peoples towards the goal which all profess to have in view — international understanding and peace.

For the future, we shall need to exercise all these qualities to the full if we are to be successful in gaining acceptance for our views regarding the problems referred to in these pages, as well as many others that loom on the horizon. High hopes cannot always be harnessed to the plough of everyday reality. But we on this fortunate continent will at least want not to limit ourselves, like the lotus eaters on their warm sand, to the refrain which during the last ten years has often recurred in our dealings with the rest of the world — "Let us alone."

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MILITARY LESSONS OF THE GREAT WAR

By Major-General Sir Frederick Maurice

THE cautious observer who tries to deduce guidance for the future from the experience of the past will do well, when war is his theme of study, to find out what the experts of the past were saying and thinking about war before it came. If he does so he will discover that, within the period in which science has seriously applied itself to the perfection of means of destruction, those experts who have been rash enough to utter prophecies have with very rare exceptions been proved wrong.

The rapid collapse of the regular army of France in 1870 took the military world completely by surprise. Even in Germany at that time the experts were at first unprepared and German General Headquarters, under the leadership of the elder von Moltke, did not at all appreciate the tactical effect of the breach loading rifle. Knowledge drifted back to them from the front; it was not imposed by them from behind. Military opinion was in general unprepared for either the result or the methods of the Russo-Japanese War; the length of the battles of Liaoyang and Mukden was put down as an exceptional phenomenon, due in part to the methodical caution of the Japanese, in part to the peculiar characteristics of the theatre of war. There were few military thinkers in Europe who were not surprised at the ease with which the United States overcame Spain.

Many more examples of the same kind could be taken from the history of the last fifty years. The fact is that as the application of science to industry and manufacture has developed, so has the power to produce new and more perfect weapons increased; but while the effect of scientific improvements upon the former can be and is thoroughly tested, the complete effect of new weapons cannot be tested in time of peace. "In war," said Napoleon, "the moral is to the physical as three to one," and all later experience of war has served to confirm the truth of that saying. It was not merely or even chiefly the effect of the fire of the German heavy howitzers upon the forts of Liege, Namur and Antwerp which brought about the rapid fall of those great fortresses. We know now that lines of trenches held by resolute men could have withstood attack for a long time without the aid of any forts. It was

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the moral effect on the Belgians of the collapse of the defences upon which they had learned to rely which made it seem useless to them to attempt to oppose to an unexpected form of attack an untried form of defence.

A target has no flesh, no blood, no nerves, and tests on the ranges in time of peace are therefore an unreliable guide as to what will happen in war. Jules Verne and H. G. Wells have shown us that human imagination is capable of forecasting with a reasonable degree of accuracy the future developments of science. But not even these prophets have been able to foretell accurately the effect of the inventions which they foresaw upon the habits and mentality of the men and women who use those inventions.

How wrong were the prophets of 1914! With the single known exception of Lord Kitchener, they proclaimed in Great Britain, in France and in Germany that a great European war must of necessity be short. Our socialists are wont to denounce the Great War as the outcome of the machinations of the international financiers, as a capitalist intrigue. In point of fact, if there was one body of men who more than another was reduced to panic, it was the financiers. They could not conceive that society could exist for any length of time without the elaborate and complex machinery which they had created. It was beyond their powers of imagination to conceive of a great modern state deliberately destroying its economic and financial systems and building up another. Therefore with one voice they proclaimed that the Great War would be short. The soldiers followed their lead, and declared that while the financiers, who surely knew best, were certain that the resources of no state were equal to a prolonged struggle between nations in arms, they for their part were equally certain that human endurance could not long stand the strain of subjection to modern means of destruction. One side or the other would collapse before long. The war would be over by Christmas.

Germany, which was militarily the best prepared of the belligerents, had not expected a prolonged war any more than the others. All her plans were based upon a rapid conquest of France, to be followed by a more leisurely progress against Russia. Having full knowledge of the number and nature of the Belgian and French fortresses which she would find barring her way, she had made fuller and more complete preparations for siege warfare than had her enemies. So when trench warfare supervened she was to that extent more ready for it, but in the spring of 1915 she like

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the others found herself deficient in the artillery, shells and other munitions which the experience of battles in the trench zone proved to be necessary. Nor was it only in the forecasts of the general nature of the war that the military experts of Europe proved to be at fault. The detailed data upon which their plans and preparations were based proved to be defective.

From the signing of the Treaty of Frankfort, which ended the Franco-German war of 1870–71, the probability of the eventual renewal of the struggle had been in the minds of European soldiers. In the two countries chiefly concerned the professional soldiers thought of little else, their whole lives were devoted to the study of the probable nature of the prospective war and the best methods of conducting it. Elaborate and costly systems of espionage were built up in order to obtain information. Germany in particular was credited with knowing everything of military importance which took place in the countries of possible enemies. France, whose very existence was at stake, was believed to be well-informed as to the military preparations of her chief enemy. Then not long before the outbreak of war came the development of the aeroplane; while rudimentary compared with its present powers, it appeared to be at least sufficiently effective to ensure timely knowledge of the movements of large bodies of troops. It seemed in the summer of 1914 to be altogether incredible that whole armies would be maneuvred in secret.

Yet what happened in August, 1914? The French plan of campaign, the famous Plan 17, had been gradually and slowly evolved by the best available military brains of France. It was based upon information painfully collected during a long term of years. The probability of invasion of Belgium by Germany had for years been a military commonplace. Despite all this, when the invasion actually took place and the two armies were locked in conflict, the French calculations were suddenly discovered to be erroneous. The whole basis of their plan of campaign was defective because they had grossly underestimated the strength of the forces which Germany could put into the field. The French plan was based on information to the effect that the main German attack would be made from the direction of Metz, and that the Germans had not sufficient troops to extend their front to the west of the Meuse. The error was not discovered until more than 400,000 Germans had crossed the Meuse and the capital of Belgium had been occupied. The first news that Germans were marching through

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western Belgium was indeed received with complacency at French Headquarters, because it was calculated that if the Germans had extended their left so far they must have weakened their centre, which would be broken by the French attack. Not until August 23, ten days after the whole of the German armies in the west, some 1,500,000 strong, had been drawn up on the frontier, was it discovered that the Germans were powerful enough both to repulse the French attacks upon their left and centre and to overlap and envelope the Allied left in great strength. Then the elaborately prepared French plan of campaign came tumbling down like a house of cards.

Even more surprising in view of the military omniscience with which the Germans were credited, was their complete ignorance of the movements of the British Army. The British Army was very small in comparison with the conscript hosts of the Continent, and German soldiers were not disposed to rate its military qualifications highly. It therefore is perhaps not astonishing that the German General Staff informed the German Navy that it attached no particular importance to attempts to interfere with the passage of British troops across the Channel. German Headquarters, in fact, regarded the landing of British troops in Belgium as a positive advantage and hoped to take them and the Belgian Army in their stride towards France. Of that state of mind there is definite evidence, but I may mention incidentally that there is no foundation in fact for the story that the Kaiser described the British Army as "contemptible" and instructed his generals to devote all their energies to its destruction. This is one of those war fictions which has become so firmly established, in England at least, that its demise cannot be foreseen.

If the Germans in August, 1914, had no fears of the effect upon their plans of British military intervention on the side of France, every one with knowledge of the thoroughness and care with which their military preparations were made anticipated that they would have had more than an inkling of the form that intervention would take and would have arranged to get early information of the British landing. Now the advanced parties of the British Expeditionary Force landed at Havre on August 9, 1914. By August 17 the whole had disembarked. From August 14 onward they began to move forward by rail to their place of concentration behind the French fortress of Maubeuge, and 100,000 combatant troops were there assembled by August 20. For six

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days hundreds of trains had been convoying them across the north of France. On August 21 the British Army began to march forward to Mons, which it reached the next afternoon. Yet on August 20 German General Headquarters telegraphed to von Kluck, who was then about to occupy Brussels: "Disembarkation of the English at Boulogne and their employment from the direction of Lille must be reckoned with. The opinion here however is that large disembarkations have not yet taken place." So on August 23 von Kluck advanced on Mons in ignorance that he had in front of him the whole British Expeditionary Force.

These things being so, one cannot but be mildly surprised at the courage and confidence of those who write of the nature of the next war. Surely if experience is any guide the one thing that is reasonably certain is that if another great struggle between great powers takes place it will produce as many surprises as did the last.

Yet we are not without some guidance as to the general nature of the developments which we may expect. There have been in the past many wars which were longer than the Great War. There have been none in which the opposing armies were permanently in contact, in which men were being killed and wounded every day. There have been none in which the numbers engaged have been so huge. These, rather than shells of great size, thrown great distances, poison gas, tanks and aircraft, were the outstanding characteristics of the Great War. In that war, as in former wars, battles were incidents in campaigns, though they were of far longer duration. The feature that was without precedent was that from the first day to the last the guns never ceased firing. This was the consequence of the establishment of a continuous barrier of trenches, which limited maneuver and kept the opposing armies permanently in contact.

To what was the continuous trench barrier due? Obviously to the vast numbers engaged on either side. For the first time in history entire nations were in arms. But the appearance of that phenomenon in the years between 1914 and 1918 was not caused by any drastic change in the machinery for making armies. Conscription, the establishment by law of the right of the state to call every able bodied man to arms, may be dated from 1792, the year of Valmy. In 1870 that method of raising armies was well established and almost universal on the Continent of Europe. Yet at the outbreak of the Franco-Prussian War of that year we find that the German states placed in the field on the frontiers of

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Alsace-Lorraine armies numbering 380,000 men, and that France opposed them with armies of 275,000 men. Each power made the greatest initial effort of which it considered itself to be capable. Forty-four years later, in August, 1914, Germany drew up along the frontiers of France and Belgium 1,500,000 men, and France opposed them with armies numbering 1,000,000. The initial military effort of the two countries had increased fourfold, and it was rapidly developed until armies came to be numbered by millions, not by hundreds of thousands. There had been no corresponding increase in the man-power of the two countries. This remarkable change which, as I have endeavored to show, altered the form and nature of war far more drastically than did any development of weapons or of military methods, was the consequence of other changes that had no direct connection with war.

The prime cause of the expansion in the size of armies, which took place at the beginning of the twentieth century, was the expansion which took place in the means of transportation. Napoleon said truly that his armies moved on their bellies, and, given an adequate supply of men, the size of armies which can be maintained in the field depends first and foremost on the means available for keeping the bellies filled. From the days of Alexander and of Hannibal to those of Napoleon there had been no material changes in the means of transportation; roads had improved in numbers and in quality, but the animal drawn vehicle remained the chief reliance of the commissariat. The development of railways in the first half of the nineteenth century brought about important but not drastic changes. They enabled the rate at which armies could be set in the field to be greatly speeded up, and in 1870 the process of mobilization both in France and Germany was much shorter than it had been at the outset of any previous war. But troops cooped up in trains are without any means of defence, they cannot be brought to a battlefield by train, nor could trainloads of supplies be carried safely by rail into the immediate zone of military operations. They had to be unloaded at depots at a safe distance behind the front. There remained, then, a considerable zone within which men had to march, and their supplies had to be carried as before in animal drawn vehicles. With the invention of quick-firing rifles and guns the amount of ammunition required had increased greatly, so that at first railways made little difference to the amount of animal transport which armies required, and this requirement still

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placed a strict limit on the number of men who could be put in the field. The columns of animal drawn transport could not be allowed to expand indefinitely, since that would cause such congestion as would make the regular delivery of supplies impossible, while if the roads in the rear were blocked with slow-moving transport the possibility of maneuver would be confined to a straight forward advance. Until the beginning of the twentieth century transportation still imposed a definite limit on the size of armies.

Then came the application of the internal combustion engine to road transport, and with it a further improvement in the number and quality of roads. By the time the motor vehicle was perfected the number of railways had greatly increased, until the chief European countries had a complete network of rails. The motor lorry could carry from three to four times as much as the horse-drawn vehicle occupying a similar space on the road, and could travel six times as fast. It could bring up supplies from convenient depots on the railways situated at a safe distance from the front, deliver them to the troops, and return rapidly, leaving the roads behind the armies clear. Transportation had ceased to be a limiting factor in the size of armies.

There remained one difficulty to overcome before vast armies could be maintained for any length of time in the field. In all wars before the Great War disease had proved to be at least as great a cause of loss as the enemy's bullets and shells, in most of them a greater one. Large bodies of men could not be kept together for any length of time without suffering from some form of epidemic disease. In the South African War, Great Britain lost far more men from enteric fever than she did from the bullets of the Boers. But while scientists of one kind were giving their minds to the solution of the problems of transportation, those of another kind were solving the problem of sanitation, with the result that in the Great War armies of unprecedented size were kept healthy, though the men in the ranks were living under conditions such as human beings had never before been called upon to endure for a like period. Disease instead of being a major became altogether a minor cause of loss, at least in that part of the Great War which was fought in Europe. Thus the last limitation upon the numbers of men who could be maintained in the field disappeared. It was no longer necessary to calculate how many men could be fed and kept healthy at any given time and place; the question became how many men capable of bearing arms were available.

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Now the development of railways, motor transport, and roads, and the progress of medical science, had not been brought about with a view to war. A few so-called strategic railways had been built primarily for military purposes in France and Germany, and in those countries especially consideration had been given to military needs in designing railway stations and in placing sidings. But the great increase in railways in the latter half of the nineteenth century had taken place to meet the industrial and social needs of the people. Motor transport was adopted by armies after its utility for industrial purposes had been proved. I doubt whether a single scientist or medical man had thought of the application of his discoveries to war while he was working in his laboratory to discover means of lessening the incidence of disease. We thus come to the conclusion that these changes in the nature of war, which made the Great War so different to any wars which had preceded it, were not due to any purely military inventions or methods, but to changes which had taken place in the ordinary life and methods of peoples, changes and developments designed for the purposes of peace. This, then, I regard as the most important military lesson of the Great War, and as the best guide to speculation on the nature of future wars.

It is the usual experience that after any important war public opinion should be impressed by the effect of such new weapons as have been used, and that speculation should be rife as to what new terrors those weapons may have in store for us. This has been more than ever the case in the years that have followed the Great War, for the average man and woman has become acutely conscious of the fact that aircraft promise to extend almost indefinitely the danger zone in war. A far more general interest is therefore now taken in speculation as to the nature of future war, and there is also a far more general and sincere desire to do everything that is possible to avoid war. But as I have pointed out, attempts to forecast the nature and effect of weapons to be used in future wars have been very rarely successful. In these days the life of any particular weapon is comparatively short. The limits of the application of science to the means of destruction has not yet been reached. For every existing weapon some antidote is usually found sooner or later, and the discovery of the antidote tends in time to the discovery of some fresh weapon to which the antidote is not an effective reply. For these reasons I do not attach more than a secondary importance to speculations as to the effect of tanks,

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poison gas, aeroplanes, or other instruments of war which first made their appearance in the years 1914–1918. It is of greater importance to consider what developments are in progress in the lives of peoples which are likely to effect the nature of war.

Now the outstanding feature of our age is that every day all of us are coming to rely more and more upon machinery. Our industries and indeed our personal comfort are more and more dependent upon the factory and less and less upon the output of human labor unaided by the machine. In the military world a like process is at work. It has for a long time been applied to navies, and the modern battleship is now a mass of intricate machinery enclosed in steel cases. As a result of the experiences of the Great War armies are following the example of fleets. In that war the supply of munitions, and therefore the importance of the manufacture and the supply of material convertible into munitions, attained an importance beyond comparison greater than in any former wars. Plans for battle were dependent to a predominant degree upon the number of guns and shells available. This was of course largely due to the fact that the existence of the trench barrier allowed ample time for preparation. But one result of the experience gained is that military thought everywhere has been impressed by the fact that the unprotected rifleman, however numerous he may be, cannot produce a volume of fire at all comparable with that produced by the right type of military machine. Armies therefore are going through a process of mechanization; and whether the particular weapons with which they are now armed survive the test of war or not, it seems certain that changes will take the form of reliance upon other and better machines rather than upon the development of man power. Man power will be wanted elsewhere as well as at the front.

Napoleon gave as his receipt for victory the big battalions; the receipt for future victories is the big factories. If machines of the right kind and in the necessary numbers are to be produced quickly, and if those machines are to be provided with the immense volume of missiles which they are capable of discharging, then enormous demands will be made upon manufacture, demands even greater than those made in the Great War, when the countries of the chief belligerents became arsenals. It follows, then, that in any future war those countries which have a highly developed industrial system and control over the raw materials convertible into military machines and munitions will be at a

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great advantage; and further, that of those countries the one which has given at least as much thought to the mobilization of its industries as it has to the mobilization of its armies will be at the greatest advantage.

It follows, moreover, that the importance of effective organization for the higher direction of war is greatly increased. The difficulty of insuring coöperation between the political and the military direction of war became very apparent in the Great War. In most of the European countries the soldiers and the statesmen were at one time or another at loggerheads. It is the business of professional soldiers, sailors and airmen, to think about war, but with rare exceptions they are ignorant of statecraft. Those whose business it is to think of statecraft, particularly in countries with a democratic system of government, are usually far too occupied with the daily demands of the political situation to give regular and consistent thought in time of peace to an eventuality which may never arise. The causes of friction in time of war, necessarily a time of stress, exist in most countries, and in most countries the trend of political development tends to increase them. But unless and until war as a means of settling international disputes is abolished, the causes of friction must be removed if war is to be conducted successfully and with the minimum of loss.

The developments which I have indicated as probable make the rôle of statecraft in war of greater importance than ever. Organization for war now means not only the organization of armies and navies, but the organization of the whole of the resources of the state. When war comes, the correct allocation of those resources is a matter of supreme importance. The proper direction of industry will be as vital as good generalship; the correct distribution of man power between the demands of armies and navies and the demands of industry will call for the nicest consideration. The Great War showed us over and over again how supremely difficult it was for the statesman to guide wisely, without ill-considered interference in the technical spheres of the soldier and sailor. So long as the possibility of war remains, statesmen must learn that their part in its conduct will in future be even more difficult and of far greater importance than it has been in the past. The correct coördination of statecraft and strategy is more than ever the key to the successful conduct of war. These are the main military lessons of the Great War.

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THE WORLD'S POPULATION

Robert R. Kuczynski

WARS, unemployment, poverty, and many other evils under which humanity suffers are usually attributed to over-population. If there were less people there would be no need for territorial expansion, and everyone might get a larger share of the social product. But mankind seems obsessed by the desire to propagate itself beyond any reasonable limits. It grows more and more rapidly. At its present rate of increase, we are told, the world's population will have reached 5,000 millions before the end of this century, 5,000 millions being at the same time the absolute maximum which the planet can sustain.

There are indeed plenty of authorities to corroborate this belief. In his recent book "Standing Room Only?" Edward Alsworth Ross could point to the fact that the International Statistical Institute reported that from 1920 to 1924 the population of the world had shown "an increase of 103,378,000, or 5.77 percent — a rate which would double mankind in a half-century." The Statistical Institute three years ago estimated that the world's population in 1920 was 1,791,496,000, and that in 1924 it was 1,894,874,000. But it has since raised its estimate for the year 1920 to 1,811,012,000, and has made a new estimate of 1,879,595,000, for 1926; this is smaller than the one given for 1924, so that it now shows the six years' increase to have been 68,583,000, or 3.79 per cent only — a rate which would double mankind in about 110 years.

The maximum of 5,000 millions which the world can sustain is the estimate of as high an authority as E. M. East, who, in a report submitted to the World Population Conference in Geneva, declared: "The effort of the human race to expand its numbers is limited to the produce of about 13,000 million acres of tillable soil, two-fifths of which is now under cultivation. And since it takes at least two and a half acres to support each individual under the present standards of agricultural efficiency, it is clear that the world can sustain only 5,000 million people, unless unforeseen radical discoveries in science bring about revolutionary changes in our economic system." As a matter of fact, there are now a little over two and a half acres under cultivation for each individual, but can this ratio actually not be reduced unless "radi-

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cal discoveries" bring about "revolutionary changes?" Is it not a fact that a country like France, with a rather mediocre standard of agricultural efficiency, has one and one-half acres only under cultivation per individual, and that the ratio is still lower in Germany? Even granting that there be not more than 13 billion acres of tillable soil, the maximum population would not have to be placed at less than 10 billions. And with a rate of increase such as that ascertained by the International Statistical Institute for 1920–1926, this limit would not be reached before the year 2200.

But, whether in 2000 or in 2200, what would be the outcome? Professor Ross gives a plausible answer: "Nature, to be sure, offers her solution—simple, ruthless, effective. When Food can no longer keep up with Population, privation and toil will raise the death-rate, as they have raised it a thousand times in the past, until Life and Death are once more in balance." He also gives the remedy: "If posterity recoils from this gloomy prospect, then the voluntary restriction of increase must become general. Why wait till there is little left to salvage? If eventually, why not now?"

II

The logic seems perfect. Since, with the limited possibilities of food supply, the present rate of increase cannot go on forever, there seem only two alternatives: a rise in mortality or a reduction of fertility until life and death once more balance. There is only just one gap in this argumentation. It has not yet been proved that with present fertility and present mortality life and death are out of balance. Some readers may assume, like Prof. Ross, and Prof. East, that more proof is unnecessary. Even if the world's population has increased from 1920 to 1926 by 68,583,000 only, there must have been an average yearly excess of births over deaths 11,430,000, that is to say of 0.62 percent of the population. Does this not prove beyond doubt that fertility far exceeds mortality?

It proves, indeed, that births amply keep up with deaths. But this does not imply that the reproduction of the world's population is still ample. If the newly born were merely to replace the dead all that would be necessary would be that births equal deaths, and if no death occurred no birth would be needed. This consideration in itself shows that something must be wrong with

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the usual comparison of births and deaths. For if in a given population no death occurred and no birth, this population would ever grow older and after fifty years there would be no more women of child-bearing age and no more men with full physical working capacity. The total population would be as large as fifty years earlier, but in those fifty years it would not have done anything towards its reproduction and it would have lost any future chance of reproduction.

Let us assume that the yearly excess of births (11,430,000) came about by 81,430,000 births and 70,000,000 deaths. The reaction of public opinion probably would be that this means an enormous waste of human energy and that it would be far better if both births and deaths were considerably less. News that there actually had been only 31,430,000 births and 20,000,000 deaths would be heartily welcomed. People would not realize that with so small a number of births the population of the world would be bound to die out.

In looking back, we often are surprised at the lack of understanding displayed by our forefathers when dealing with certain problems which to us seem very easy to solve. If there is one thing certain it is that future generations will be amazed by the utter helplessness with which in the second quarter of the twentieth century people still attacked the population problem. They will hardly be made to believe that our generation did not know that, however low may be the number of deaths, there must be a definite number of births in order to insure the reproduction of the population. Everyone with common sense, they will say, might have realized that on the average each woman must have two children who should become parents of two children, etc., if the population is not sooner or later to decrease.

Unfortunately, we know very little about the yearly number of births in the world. We do not know whether it is nearer to 81,430,000 or to 31,430,000. Even the total number of inhabitants is unknown. There exist, it is true, estimates for 1926 by the three highest authorities in this matter, and these do not differ much between themselves. They are as follows: International Statistical Institute 1,879,595,000; International Institute of Agriculture 1,894,979,723; League of Nations, Economic and Financial Section 1,926,715,000. But these three agencies assume the population of China to be 433 or 450 millions, while according to a careful study by Walter F. Willcox it does not exceed 300 millions.

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The world's population, then, is perhaps not higher than about 1,750 millions.

The available data are thus not sufficient to allow a judgment upon the vitality of the world's population as a whole. All we can say is that the yearly excess of births over deaths, amounting to 0.62 percent, does not prove anything either way.

Fortunately, there is one section of the world, namely Western and Northern Europe, for which the necessary data are available and have been adequately analyzed.[1] This area[2] in 1926 had a population of 188,267,000, that is, 10 or 11 percent of the world's population, and had an excess of births over deaths amounting to 0.62 percent, that is, exactly the same rate as the International Statistical Institute set for the whole world.

III

Around 1850, 3½ million children a year were born in Western and Northern Europe. Fifty years later the annual number of births was 4¾ millions. At present it is again about 3½ millions. In the meantime the population has considerably increased — from 113 millions in the middle of the nineteenth century to 189 millions in 1927. The birth rate (that is, the number of births per 1,000 inhabitants) therefore has considerably decreased: from 1841 to 1885, it averaged about 32; by 1913 it had fallen to 24; in 1927 it was 18 only. The decrease of the birth rate began in France but involved sooner or later every country so that there is no longer any marked difference between the birth rates of the various parts of Western and Northern Europe.

The birth rate shows the percentage by which a population increases through the births of children, but since it is calculated without regard to the sex and age composition of the population it does not afford an adequate gauge for the measurement of fertility. If in a given population the percentage of women of 20–45 years of age is large, the birth rate is likely to be high even if fertility is small, while if the percentage of women in those age groups is small, the birth rate is likely to be low even if fertility is large. It then becomes necessary to compute fertility rates by the ages of mothers and on this basis to derive the total number of children born to each woman.

[1] See the forthcoming publication of The Institute of Economics, "The Balance of Births and Deaths Vol. I. Western and Northern Europe," New York, The Macmillan Company.

[2] It includes Great Britain and Northern Ireland, the Irish Free State, France, Belgium, Luxemburg, Holland, the Saar Territory, Switzerland, Germany, Denmark, Norway, Sweden, Finland.

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NUMBER OF CHILDREN BORN TO EACH WOMAN

Years	*Denmark*	*Norway*	*Sweden*	*Finland*	*England*	*France*	*Germany*
1871–1875	....	4.7	4.4	4.9	....	....	....
1876–1880	4.6		4.4	5.0	....	....	....
1881–1885		....	4.3	4.9	....	....	5.1
1886–1890	4.4	4.4	4.2	4.9	....	....	
1891–1895			4.0	4.7	....	3.0	4.9
1896–1900	4.2	4.3	4.0		....	2.9	
1901–1905	4.0		3.9	4.4	....		4.4
1906–1910	3.8	3.8	3.7		....	2.7	
1911–1913	3.4		3.3		....	2.5	....
1914–1915		....		3.6	....	1.6	....
1916–1919	3.1	3.4	2.9		....		....
1920					....	2.6	....
1921		....	2.8		2.7		....
1922–1924	2.9	....	....	3.2	....	2.4	....
1925		....	....		2.2		2.3
1926	2.6	2.7	2.3	2.9	2.2	2.4	2.2
1927	2.5	2.6	....	....	2.0	2.3	2.1

Forty or fifty years ago the average number of children born to each woman (married and unmarried) was four or five in all countries of Western and Northern Europe, with the exception of France and Ireland where it was about three. In 1927, it was practically everywhere below three and averaged about 2.2. In England it was only two. Yet the number of births in England was not less than 655,000 as compared with 485,000 deaths. It will certainly seem at first sight that an excess of 170,000 births is a proof of considerable vitality. As matters stand, those 655,000 births mean that on the average each woman during her life-time gives birth to but two children, and of the children thus born not one may die before reaching marrying age, if the population is to hold its own. But the assumption that no child would die before reaching marrying age is obviously wrong.

IV

A simple logical consideration has shown us that the balance of life and death cannot be established by comparing the yearly numbers of births and deaths. England is one specific case of how misleading such a comparison is. England in 1927 had 655,000 births and 485,000 deaths. It is very likely that further improvements in public health may still further reduce mortality. But no matter how low it may be reduced, the population of England is bound to die out if fertility remains as it is.

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The pertinent question is not: "Is there an excess of births over deaths?" — Rather is it: "Are fertility and mortality such that a generation which would be permanently subject to them would during its lifetime, that is, until it has died out, produce sufficient children to replace that generation?" If, for instance, 1,000 newly born produce in the course of their lives exactly 1,000 children, the population after the death of the older 1,000 will remain unaltered. If fertility and mortality continue to be what they were, the 1,000 children will in the course of their lives again produce 1,000 children, and if fertility and mortality remain permanently the same, the population will always exactly hold its own. If more than 1,000 children are produced by a generation of 1,000 newly born, the population will increase; if less than 1,000 are produced, the population will decrease and finally die out.

Since we are concerned here with birth-giving only, it suffices to take into account the female population. The pertinent question then is: "Are fertility and mortality such that 1,000 newly born girls will in the course of their lives give birth to 1,000 daughters?" If this is the case, the first generation of 1,000 females will at its death have been fully replaced by the daughters they have borne, and the population will remain constant; otherwise, it will in the long run increase or decrease.

The table on the next page shows the net reproduction rate, that is, the number of daughters borne by each newly born girl during her lifetime or — to put it perhaps more simply — the number of future mothers born to each woman.

Up to about 1910 the decrease of fertility was offset by the decrease of mortality; the number of girls born to each woman, and who became mothers in their turn, was about 1.4 or 1.5 in all countries of Western and Northern Europe, with the exception of France and Ireland where it was about one. But since 1910 the net reproduction rate has decreased at a terrific speed. In 1926 and 1927 it was still above one in some of the smaller countries, like Holland and Denmark, but it was below one in all the larger countries — in France, and especially in England and Germany. In all Western and Northern Europe the net reproduction rate was about 0.93 in 1926 and about 0.87 in 1927.

If each woman has one daughter who becomes a mother in her turn, the population will hold its own. If she has 1.5 such daughters, the population will increase by one-half in one generation. If she has less than one such daughter, the population will sooner

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NET REPRODUCTION RATES

Years	*Denmark*	*Sweden*	*Finland*	*England*	*France*	*Germany*
1881–1884	....			....	....	
1885–1890		1.455	1.485	....	....	1.448
1891–1894	1.463			....	....	
1895–1897			....	....	....	
1898–1900	1.509	1.433	....	....		1.512
1901–1903			....	....	0.979	
1904–1905	1.524			....		
1906–1907		1.427	1.433	....	....	1.480
1908–1910	1.486			....	....	
1911–1913				....	0.930	....
1914–1915	1.372	1.288		....		....
1916–1919			1.161	....	....	....
1920	1.228	1.111		....	....	....
1921					0.994	....
1922		1.137		1.087		....
1923–1924	1.192		1.146	....		....
1925		....		....	0.937	....
1926		....		....		0.937
1927	1.097	0.95*	1.09*	0.88*	0.94*	0.89*
	1.03*	....	....	0.82*	0.91*	0.83*

* Preliminary figures.

or later decrease. With a fertility and a mortality such as prevailed up to about 1910, the population then was to increase by about one-half per generation in all countries of Western and Northern Europe, with the exception of France and Ireland where the population about held its own. With a fertility and a mortality such as prevail at present, the population of some smaller countries still shows a real surplus, but the population of the larger countries is doomed to die out.

V

In 1926, the number of births in Western and Northern Europe (3,613,000) exceeded the number of deaths (2,449,000) by 1,164,000 or 48 percent. How is it to be explained that in spite of such a surplus of births the population did not reproduce itself but had a virtual deficit of about 7 percent? How is it to be explained that with a birth rate of 19.2 and a death rate of 13.0 the population does not hold its own? The answer to these most pertinent questions is to be found by a study of the age composition.

In the present population of Western and Northern Europe the proportion of women in child-bearing age is particularly large and the proportion of young children and old persons particularly

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small. If we exclude the influence of migrations, the population of a given territory is equal to the number of persons born in that territory in the last hundred years minus the number of persons who died in that territory in the last hundred years. If the number of births in those hundred years remains constant or increases, and if the number of deaths does not fluctuate conspicuously, there will be more children under 5 years than from 5 to 10 years, more children from 10 to 15 years than from 5 to 10 years, etc. In the actual population of Western and Northern Europe in 1926 there are more children of 10 to 15 years than of under 5 years or of 5 to 10 years; there are more persons of 15 to 20 years than in any lower age group; there are more persons of 20 to 30 years than under 10 years; and there are very few persons over 65 years. If we compare the age composition of the two sexes, we find a small excess of males in the lowest four age groups, while in all other age groups there is an excess of females, which is especially large in the ages of 25 to 45 and of over 60 years.

The decisive factor in shaping the age composition of the present population of Western and Northern Europe was the trend of births. The average yearly number of births, which had been 3,481,000 in 1841–45, increased to 4,210,000 in 1871–75 and to 4,686,000 in 1901–05, then dropped to 4,337,000 in 1911–14 and to 3,916,000 in 1920–26, after having been as low as 3,064,000 in 1915–19. It is evident that with such a trend in the number of births there must at present be comparatively few children under 5 years (born in 1921–25) and very few children from 5 to 10 years (born in 1916–20), while there should be very many persons of 15 to 50 years (born in 1866–1910) and comparatively few older persons (born before 1866). This is actually the case for the female sex but not for those age groups of the male sex which have been decimated through the war, that is the present age groups from 25 to 45 years.

The age composition of the population of Western and Northern Europe tends to lower the number of deaths. Mortality is everywhere very high among the youngest children and among the oldest persons, while it is practically negligible in the age from two or three until about 50 years. Since at present the number of young children and of old persons is small, the death rate necessarily must be low. It actually was not higher in 1926 than 13 per 1,000. But this low rate cannot possibly last with present mortality. The persons between 15 and 50 years, who now are so

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numerous, will grow older and will thereby swell those age groups where death claims most victims, while there are not sufficient children to fill up the age groups which are more or less secure against death. The present death rate of 13 per 1,000 is, therefore, taken by itself, misleading. That it cannot permanently last can moreover be easily realized by a simple logical consideration. A death rate of 13 per 1,000 means that 13/1,000 or 1/77 of the population die within a year, and if such a rate were permanent it would mean that the average length of life is 77 years. But the length of life, of course, is actually much lower in every country of Western and Northern Europe. Even in Denmark, with its exceptionally low mortality, the mean length of life in 1921–25 was 61 years. Denmark in that period had 11.3 deaths per 1,000 inhabitants, but the death rate derived from the actual mortality in the individual years of age was 1/61 or 16.4 per 1,000. The difference between the crude death rate, that is the number of deaths per 1,000 inhabitants, and the corrected death rate, that is the rate derived from the mortality in the individual years of age, is not as large in all countries of Western and Northern Europe. It is rather small, for instance, in France where the number of births has not changed very much in the course of the last forty years. But there the crude death rate is comparatively high; it amounted to 17.2 in 1921–25 and to 17.5 in 1926. The main reason is that in France the number of old people is comparatively high. In spite of the fact that mortality in France has by no means been particularly favorable, the percentage of persons over 50 years is 25 percent as compared with 20 percent in the rest of Western and Northern Europe, simply because France — on account of the greater stability in the number of births — has a more regular age composition. Yet even in France the proportion of old persons is smaller than it would be if the present infantile mortality had prevailed at the time when the persons now over 50 years were born. Even in France the corrected death rate is higher than the crude death rate. The statistics so far available for 1926 do not enable us to ascertain accurately the corrected death rate for all Western and Northern Europe, but they indicate that this corrected death rate must have been between 17 and 18 per 1,000.

The age composition of the population of Western and Northern Europe tends to swell the number of births. Since at present the proportion of children and of old persons is comparatively small, the number of births must be comparatively high. But the

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women who now are in child-bearing age will by and by pass this stage and will have to be fully replaced if, with present fertility, the number of births is not to decrease. The chances of such a replacement in the near future are easy to ascertain. In 1926 there were in Western and Northern Europe 23.67 million females under 15 years and 25.85 million females from 15 to 30 years. It is evident that even if all girls who now are under 15 years reached child-bearing age, they would by no means be able to replace those who now are between 15 and 30 years. This result, of course, is partly due to the reduction of births during the war. But even if there had lived in 1926 as many girls of under 15 years as of under 5, the girls of under 15 (who then would number 25.06 millions) would not suffice fully to replace those of 15 to 30 years.

The situation with which we are confronted can perhaps best be realized by starting from the present number of female births. The total number of female births in 1926 was 1¾ millions. The total number of women from 15 to 50 years was 52¾ millions. If the number of female births continued to be 1¾ millions and if no death occurred, there would be in fifty years from now 1¾ × 35 = 61¼ million women between 15 and 50 years, or considerably more than at present. But according to the mortality of 1926, the average number of years which the newly born girls may expect to live in the age of child-bearing is 29. If, then, the number of female births continues to be 1¾ millions, and if mortality remains what it was in 1926, the number of women between 15 and 50 years, fifty years from now, would be 1¾ × 29 = 50¾ millions only, as compared with 52¾ millions in 1926. But with present fertility the number of births is bound to decrease before that, since the number of women now between 15 and 30 years cannot be replaced by those being under 15 years of age.

A reduction of mortality, on the other hand, could not possibly change matters materially. If none of the newly-born girls died before 50 years they would all live 35 years in child-bearing age. The average number of years lived in child-bearing age must therefore always be lower than 35 years. In Germany it was only 20.2 years in 1881–1890. But by 1925 it had risen to 28.4, and in 1926 it was about 29 years for all Western and Northern Europe. This shows that there is not much margin left for further improvement. We may succeed in materially extending the lives of the women who have passed child-bearing age, but this, of course, will not in the least affect the number of births.

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With a fertility and mortality such as prevailed in Western and Northern Europe up to about 1910, the population would have doubled in three generations. With a fertility and a mortality as they have now prevailed for some years, the population of Western and Northern Europe is bound to die out. This process, of course, will be rather slow. With the present age composition it would take decades until there actually would be an excess of deaths over births, and it would take centuries until the population would be half of what it is now. The process will be accelerated if emigration continues; it will not, of course, be affected by immigration, since we are concerned only with the present population and its descendants. It can be stopped by an essential change in mortality or in fertility. But the future reduction of mortality in the decisive ages, that is, those under 50 years, cannot be very great after all that has already been accomplished. The future, then, depends mainly on the trend of fertility.

VI

Western and Northern Europe, in 1926, had an excess of births over deaths equal to 0.62 percent of the population, but the population did no longer reproduce itself. The entire world, in 1920 to 1926, apparently had likewise a yearly excess of births over deaths equal to 0.62 percent of the population. Should we draw the conclusion that the world's population no longer reproduces itself? We should, of course, do nothing of the kind. As long as we know so little about conditions in most of the countries outside of Western and Northern Europe we cannot tell whether with a yearly increase of 0.62 percent the world's population is reproducing itself very strongly or moderately or not at all. The conclusions which we should draw lie in a different field:

1. We should require sociologists, biologists, and all other population "experts," to familiarize themselves with elementary facts before writing new books on the population problem.

2. We should require all statesmen to study thoroughly the population problems of their countries before making new laws affecting emigration, immigration, agriculture, or industry.

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DICTATORSHIP IN PORTUGAL

By Luis Araquistain

ON November 24, 1927, the Portuguese Government asked the League of Nations to promote a loan of £12,000,000 for the purpose of carrying out in Portugal "a general plan of financial restoration, currency stabilization and economic development." The League took the request under consideration and sent a delegation to Lisbon to study the situation of the Treasury and the Bank of Portugal. Its findings were favorable. By balancing the budget, legally stabilizing the currency, consolidating the State's debt to the Bank of Portugal, and issuing a foreign loan, to be devoted in part to public works of genuine importance, the Committee of the League felt that it would be possible to set the finances and currency of the country on a solid basis. The Portuguese Government at first appeared to be in agreement with the general terms of the plan drawn up by the Committee, but on June 5, 1928, it dispatched another letter to the President of the Council of the League, declining the loan which it had requested six months earlier. What had happened? The matter is worth explaining, because it involves principles of foreign and domestic politics which transcend the particular case of Portugal.

First of all, certain historical preliminaries must be set forth. As we know, since May 28, 1926, Portugal has been governed by a military dictatorship, which is at present in the hands of General Oscar de Fragoso Carmona. The Portuguese dictatorship is an echo of the Spanish dictatorship, just as the latter is an echo of the Italian. At bottom all three are a reaction against the English and French type of parliamentary government. The doctrine behind this reaction is as old as the world: the doctrine of absolutism, of direct government, without restrictions or responsibilities before the law. Louis XIV formulated it more clearly than the innumerable philosophers who have tried to define it, when he said: "*L'État c'est moi.*" In our time its most enthusiastic champions have been Charles Maurras and his colleagues of *L'Action Française*. The Russian Communist doctrine, the dictatorship of the proletariat, is a theoretical variant on classical absolutism, although its practice and aims are radically different. In Fascism, Mussolini, the ex-Socialist, has tried — unsuccessfully — to

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combine with the form and content of Russian Marxism that of French Nationalism. The Spanish and Portuguese Dictatorships are imitations of Fascism as a form of absolutism — anti-Liberal and anti-democratic — and as an expression of the State's effort to absorb completely the life of the individual, while preventing him from taking any part in the conduct of affairs save as a member of the party in power and (if the proposed constitutional reforms are realized) as a member of a profession or trade union. The opposition is excluded from all rights of representation and government; they are political pariahs.

General Carmona is a disciple of General Primo de Rivera and of Mussolini, yet in the twentieth century it was Portugal that was the first country to restore the system of dictatorships in Europe. Priority in this matter goes to King Carlos, who in 1907 appointed Joao Franco dictator. The pretext was the bad administration of the two constitutional parties which were returned to power. The pretext was partly justified. Both in Portugal and Spain — two countries on the same political level and with similar historical backgrounds — the constitution was democratic: one man, one vote. But because of public ignorance — even today 70 percent of the Portuguese are illiterate — the country was governed by oligarchical groups, which manipulated the suffrage as they pleased and regarded office only as a series of substantial sinecures, the fat booty of political warfare. Under such a system the colonies decayed, commerce and industry became exhausted, the population emigrated, and the national debt grew to alarming proportions.

However, in Portugal, as also in Spain, a curious political evolution had occurred during the nineteenth century. In both countries the monarchy was nominally constitutional, but in practice it was an absolute monarchy which entrusted the parties with power; and the parties, by cynically manipulating the political machinery, proceeded to impose that power on a people for the most part ignorant and indifferent. The suffrage was a fiction, a simulacrum of democracy. Power did not emanate from the people to the parties and from the latter to the Crown, but from the Crown to the parties and from the latter to the local organizations of bosses. The people voted as they were ordered, or for whoever paid most for votes. But gradually the oligarchical group were fortifying themselves against the Crown and creating antagonism to it. The oligarchy and its instruments, the bosses of

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the electoral districts, slowly restricted the absolute power of the King. After a century of pseudo-constitutional government, the monarchy no longer could control the political parties. At this point and for this reason — because of the increasing power of the governing oligarchy and not because of the corruption of the parties, which was always more or less the same — the Portuguese monarchy established the dictatorship of Joao Franco as, some years later, in 1923, and for analogous reasons, the Spanish monarchy had to establish the dictatorship of General Primo de Rivera.

The experiment was fatal to the Portuguese monarchy. Before a year of dictatorship had passed, King Carlos and his son Luis, the Crown Prince, were shot dead in the streets of Lisbon. Manuel II succeeded to the throne, but the revolution of October 5, 1910, drove him into exile, and the Republic was proclaimed. There have been many unsuccessful attempts to restore the monarchy. Today, the monarchical cause in Portugal may be regarded as definitely lost. A contributing factor has been the indifference of ex-King Manuel, whose temperament is not bellicose, and who prefers the comfortable peace of his retirement in England to the re-conquest of his throne by arms; another is the absence of a pretender with sufficient titles of legitimacy. But the greatest factor has been the extensive and thorough republicanization of a large part of the country. The governing classes, the politicians, the intellectuals, the organized workers, even the soldiers, are frankly republican. The monarchical cause — profoundly discredited by its last incarnation — has scarcely any partisans even amongst the monarchists themselves.

Some years ago a group was formed under the name of Lusitanian Integralism, partisans of absolute monarchy without universal suffrage or public liberties. Integralism was, in a sense, a precursor of Fascism and a translation into Portuguese, with certain local modifications, of the doctrine of *L'Action Française*. But the collapse of all the attempts at restoring the monarchy and the ineptitude of the heirs and pretenders to the throne caused the Integralists to regard the monarchical form as of secondary importance. The essential thing was absolutism, although they continued to call it a republic. Joao Franco, the monarchist, and Sidonio Pais, the republican — the dictator of December 5, 1917 — amount to the same thing. What mattered

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was the dictatorship, the suppression of Parliament and of all personal and political liberty. It might be said that the military dictatorship of May 28, 1926, is substantially a realization of the aims of Lusitanian Integralism — without the monarchy, of course. But what does it matter what the system of government is called? It is the fact that counts; and the fact is that the dictatorship over which General Carmona now presides is one of the most absolutist governments in power in the world today. It has adjourned Parliament *sine die*, muzzled the press, dissolved the political and trade union organizations, imprisoned, banished, or deported to the colonies hundreds of its adversaries who did not take the precaution of voluntarily expatriating themselves in time, and others it has killed.

Of course, neither the example of Italy and Spain nor the doctrine of Integralism would have been sufficient to ensure the triumph of dictatorship in Portugal if political conditions had not been favorable to the *coup d'état* of 1926. The pretext alleged by the dictators themselves was partly true, as in 1907. The Republic had put an end to the abuses of the Crown, but not to those of the governing oligarchy, and these were much the same as they had been under the deposed régime. Many public men of the monarchy promptly went over to the new Republic. The form of the state changed in name, but in reality the structure varied very little. The organization of the oligarchy and the bosses continued, under other names. As the saying goes, they were the same dogs with different collars. The political power of the Catholic Church was reduced by its separation from the State and the expulsion of a great many religious orders, but this work of spiritual emancipation remained incomplete because the Republic did not devote itself, as was its duty, to the improvement of education, nor to Public Works and a fairer distribution of the national wealth. Amongst the Republicans there were, and are, men of good will and great political discernment, but their attempts to raise the intellectual and economic level of the country conflicted with the vested interests of the new oligarchy and the vices of a parliamentary régime which was dissolving in torrents of words and in the intrigues and rivalries of partisan seekers after spoil. As a result we saw the following—the rural population, the majority of the country, indifferent to politics or disgusted by it; the working classes in the cities desperate from poverty, seeing in the illusion of the Russian revolution some hope for its misfortunes; the intellectuals

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extremely critical, with their most notable group rallying around the review *Seara Nova*, from which they launched darts against the ineptitude of the politicians and the irresponsibility of Parliament.

The disillusionment which the Republic brought to those who had placed a Messianic faith in its advent, and to those more moderate people who hoped from it a slow but sure improvement in the moral and material condition of the country, hastened the *coup d'état* of 1926. As in Spain — the constant parallel is inevitable — so in Portugal, the dictatorship marked the end of a sterile political system. It was the new popular illusion. But two years' trial were sufficient to prove that the Portuguese dictatorship had not succeeded in solving any problem, but had on the contrary aggravated existing evils. The civilian oligarchy has simply been succeeded by a military oligarchy. Almost the entire history of the nineteenth century in the Iberian Peninsula is a struggle, sometimes peaceful, sometimes violent, between the lawyers and the soldiers for the booty of political power. When the soldiers think that they are being thrust in the background by the civilians, they make a "*pronunciamiento*" — that is, carry out a *coup d'état* — a typical Spanish word which has been adopted into almost every European language. But as a rule the men of law and the men of arms agree without having recourse to force; in the end, a simple threat from the army is enough. Even in the case of a *pronunciamiento*, it was rare for the military to eliminate the civilians completely. Since this is what the Portuguese dictatorship has now done — and it is its greatest novelty — it may be said that the soldiers have almost entirely monopolized the important political posts, drawing double salaries in many cases. The *coup d'état* of 1926 is good example of the classical *pronunciamiento*, very much in the nineteenth century Iberian manner: but this new edition is revised and enlarged. Almost half the budget for expenditure, including the numerous civilian offices discharged by soldiers, is absorbed by the army and navy. It is the triumph of militarism over "attorneyism," or, as the soldiers say, a surprise attack.

One of the most serious problems facing Portugal is how to reduce the budget. During the last fifty years of the monarchy the annual State budget closed with a deficit. It is safe to say that extravagance ruined the monarchy. With the dictatorship of Franco — the immediate cause of its fall — the Portuguese

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Crown tried to recover the absolute power which the governing oligarchy was snatching away, not for the disinterested pleasure of possessing it, nor out of any platonic love for it, but in order to employ it on behalf of greed and extravagance. King Carlos, as sensual as an Oriental potentate, whose vices were flayed in immortal invective by the great poet, Guerra Junqueiro, was killed by his own incontinence. On the fall of the monarchy, the national debt was £69,459,915.[1] A few more years of the prodigality of a dictatorship and the bankruptcy of Portugal would have been inevitable.

Despite all its defects, the Republic soon succeeded in balancing the budget, and in the financial year 1912–1913 there was a surplus of 1,811 contos (1 conto is worth 1,000 escudos). The year 1913–1914 showed a larger surplus, 2,952 contos. Unfortunately for the finances of Portugal, the European War broke out and the entry of Portugal again upset the budget balance. A loan of £23,528,186 had to be raised in England, of which the dictatorship government has recently succeeded in repaying £3,393,597, at the same time setting the period of complete liquidation at sixty-two years, by annual payments of 5 percent. In the year 1922–23, owing to the war expenditure and the financial disturbance of the post-war period, the deficit amounted to 327,355 contos.

At the same time the Portuguese currency became greatly depreciated. The pound sterling, which at par is worth 4½ escudos, was quoted at 157 escudos. Nevertheless, the constitutional government brought it down in 1923 to 94 escudos. Under the dictatorship this figure has risen to 99, the official rate at the time of writing, but the real figure is much higher. According to the supporters of the constitutional government, their last budget deficit, for the year 1925–26, was 60,000 contos. According to spokesmen for the dictatorship, the deficit that year was 295,000 contos. But in 1926–27, one year after the dictatorship, the actual deficit had reached the enormous total of 678,000 contos,

[1] According to the report of the Executive Committee of Peace Conference on the *Economic and Financial Situation of Portugal*, the Portuguese debt in 1910 was as follows, in pounds sterling:

Public Debt (principal titles)	58,907,000
Floating Debt (domestic)	7,963,750
Floating Debt (foreign, in pounds)	1,751,000
Floating Debt (foreign, 20,954,131 frs.)	838,165
	69,459,915

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678,000,000 escudos, approximately one-half the receipts.[2] Meanwhile the foreign floating debt which, on May 31, 1926, when the dictatorship was established, amounted to £204,035, had risen to £1,575,015, in June 1927. The domestic floating debt which, in May, 1926, was 1,282,142 contos, rose to 1,631,964 contos in June, 1927. Furthermore, the dictatorship government squandered the gold deposit of some £3,000,000, which the constitutional governments had accumulated in London, Paris, and the Bank of Portugal, and considerably increased the amount of fiduciary currency.

In short, after a year of dictatorship, the Portuguese state was very much poorer than the year when the constitutional government was replaced. It is true that it has granted large subventions to the colonial governments and to the Portuguese municipal councils. It has also granted important loans to private companies, in order to enlist the sympathies of capital, although, to be sure, at a rate of interest often less than that paid by the government on its own loans. Generally speaking, the two first years of the dictatorship have been characterized by a very free and easy financial régime, as is usual under governments when Parliament and press have no fiscal control, and when supporters must be won by favors and sinecures at the expense of the public treasury. Of all parasitical forms of government, pretorianism has from antiquity been one of the most costly and one of the most dangerous for the political régime when the latter is not generous enough. Under contemporary dictatorships the army becomes a vast pretorian guard, as it was in decadent in Rome, an insatiable octopus, feeding on the national treasure and a constant menace to the stability of the State.

The resources of the State having been exhausted, and the taxable capacity of the people being insufficient to meet such exorbitant expenditure, the dictatorship required a large loan in order to live. The national capital had dried up, or was heavily depleted, so it became necessary to have recourse to foreign credit. At first the Government applied directly to the banks of

[2] Of course statistics, when the calculations are colored by political passion, are as dubious as truth seemed to Pilate. Each person juggles with figures *pro domo sua*. However, here are the figures of a former monarchist writer, Anselmo Vieira, now an enthusiastic partisan of the dictatorship. According to him, the deficit of the last constitutional government was 122,220 contos, and that of the first year of the dictatorship, 687,578 contos. Vieira calculates that this year, taking into account the new debts contracted by the dictatorship, expenditure will exceed all receipts to the amount of 1,080,000 contos, an absolutely astounding figure for Portugal, and one never reached even in the worst days of the monarchy (*Journal de Noticias*, Oporto, June 22, 1928).

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various countries, as is the custom in such cases. But in December, 1926, an incident occurred in Portugal which caused foreign capital to withdraw. On that date the directing committees of the chief republican parties signed a statement which was sent to the diplomatic representatives of the United States, France and England accredited to Lisbon, drawing attention to future possible loans. According to Article 26 of the Portuguese Constitution, still in force — the dictatorship has not dared to abolish it — no loan made without the previous consent of Parliament is binding on the nation. The following is verbally the relevant portion of Article 26: "It is the exclusive right of the Congress of the Republic. . . . Fourthly, to authorize the Executive to contract loans or engage in any kind of credit operations (except the floating debt), and to determine and approve of the general terms on which they are undertaken." This declaration by the constitutional parties, disavowing the loan which was being arranged, caused the failure of the first attempt. The foreign banks prudently withdrew.

It was then that the government of General Carmona appealed to the League of Nations to promote a loan of £12,000,000, as had been done for Austria, Hungary, Bulgaria, Greece and Esthonia. But the circumstances in Portugal were very different. It was not a country which had been shattered by defeat, like Austria and Hungary; nor a nation confronted by grave problems of immigration from neighboring states, like Greece and Bulgaria; nor a nation struggling with the difficulties of new statehood, like Esthonia. Portugal belonged to the victorious group; it had no immigrants; its existence as a nation dated back eight hundred years. To go to Geneva with a request for tutelage — for such was the rôle of the League of Nations in the case of the countries mentioned — was tantamount to a confession of financial incompetence. The dictatorship's step caused deep dissatisfaction both in Portugal and among the political refugees abroad. The constitutional parties, whose leaders are now for the most part in exile in Paris, sent delegates to Geneva to bring the declaration of December, 1926, to the notice of the League of Nations. They as well as some supporters of the dictatorship considered it injurious to the prestige of Portugal to solicit a loan under the auspices of Geneva. The present Minister of Finance, Dr. Oliveira Salazar, a former Professor of Economics at the University of Coimbra — appointed after the loan had failed — described it as "alms" in a state-

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ment to the Lisbon daily newspaper, *O Seculo*, on June 7. The Portuguese, one of the oldest nations in Europe, are very sensitive to points of historical honor and it chagrins them to be confounded with what they consider some anarchical Baltic state. Nor are they without reason, not merely because of their glorious past as explorers and conquerors, but also because of their future as a colonial power. The colonial possessions of Portugal are still third in the world; only England and France have more. But if a nation confesses that it needs the economic tutelage of the League of Nations, what moral right — the only right that a nation without armaments can invoke — can justify its possession of extensive colonies, which the great Powers, eager for markets and raw materials, have always looked at, and continue to look at, with ill-concealed envy?

Whether from this feeling of national pride, which regarded as a humiliation the action of the government in asking for League assistance, or whether from another less delicate motive, which I shall examine in a moment, or from a mixture of both, the fact remains that, on June 5, 1928, the Portuguese Government wrote to the President of the Council of the League of Nations as follows:

"At the meeting of the Council on March 10, General Ivens Ferraz, then *ad interim* Minister of Finance and Portuguese representative, undertook to submit to his Government the result of the negotiations entered into with the Financial Committee of the League of Nations relative to the possible issue of a foreign loan of twelve million pounds sterling for the execution of a plan of financial restoration, currency stabilization and economic development.

"The present Government of Portugal, having most carefully considered the clauses relating to the control of the League of Nations, which alone at the time prevented the successful conclusion of the negotiations, are compelled to state that these clauses are still inacceptable, and to their regret, they must decline the loan for whose issue these clauses were submitted."

Obviously the Portuguese Government refused to accept the conditions of control which the League of Nations proposed. But the dictators must have known only too well that economic control has been the rule of the League of Nations in every country where it was called upon to intervene as financial intermediary. Did Portugal think that in her case an exception would be made? That is hardly likely. What is more probable is that, accepting in advance the well-known rule as to control, the Portuguese dictators imagined that the League of Nations would be more tender with them. The exact conditions of control have

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not officially been made public, but granted the opposition of the constitutional parties, and in view of the dangers of an arbitrary régime of dubious competence such as now governs Portugal, I should not be surprised if the League of Nations demanded even more guarantees than from Esthonia, for example, and at least as many as from Greece. Certainly, so long as the agreement lasted, a representative of the League of Nations was to remain in Lisbon to keep the League informed of what was done. This is doubtless what the Portuguese dictatorship did not want: to be under the supervision of foreign eyes. Foreign money, by all means! But let their hands be perfectly free to convert it according to their pleasure, without being compelled to effect the important economies in administrative services which, I am informed, was another of the Geneva Committee's conditions.

It was not, therefore, the principle of control which was inacceptable. That control, exercised by the League of Nations, could not threaten the sovereignty of Portugal, itself a member of the League. What was repudiated was the form of control which would automatically have restricted the Portuguese dictatorship's irresponsible régime. This, coupled with the unpopularity of the loan, of which the adversaries of the dictatorship would certainly have taken advantage, explains why no agreement was reached with the League of Nations.

Nevertheless, it is doubtful whether the dictatorship will definitely abandon the idea of a loan. The present Minister of Finance has initiated a policy of administrative economy, but a dictatorship which relies upon the army and the navy, and divides almost half the state's receipts between these two services, will have difficulty in lasting if it reduces expenditures, unless only at the expense of other departments of state, education, judiciary and public works — which would only help swell the number of dissatisfied civilians. It might increase receipts by means of further taxation, but this is a dangerous method in a country where capital is not very prosperous and where the majority of the population lives in great poverty. It is probable that the loan will now be sought from foreign banks less scrupulous about the domestic government of the borrowing country. I have heard that a group of Spanish bankers has proposed to offer a loan to Portugal, for the most part on the basis of capital raised in the United States. But the statement of the constitutional Republicans still stands, and the failure of the loan in democratic

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countries like France and England, and at the League of Nations itself, is a warning to the banks on both sides of the Atlantic. In the difficult circumstances in which Portugal finds herself, a loan not authorized by Parliament, as laid down by the Portuguese Constitution, might give rise to troublesome future conflicts.

Those who know the psychology of the Portuguese people will ask why they do not solve their economic problems by selling some of their numerous and extensive colonies. There would certainly be no lack of purchasers. Early in the twentieth century Germany tried to acquire the Azores, in order to establish a coaling station, but King Carlos refused. Then Germany asked permission to build a sanatorium on one of the islands, stating that, in order to maintain it, it would be necessary to keep a supply of coal there. Hearing of this, and realizing the intentions of her rival, England informed Germany that any attempt to secure a coaling station in the Azores, or a naval base, would be regarded by the British Government as a sign of "hostile intentions." Some years after this failure, when the Portuguese Republic had been established, Germany tried to purchase Delgoa Bay in Mozambique, and an adjoining strip of coast. The Portuguese Government, which was wholly absorbed at that time in consolidating the new régime, declined to conclude negotiations about these East African territories; anyway, it is doubtful if England would have authorized the sale. In view of the ancient Anglo-Portuguese alliance, which dates from no less than the fourteenth century, and of the political relations existing on that account, everybody in Europe knew that the British Government would exercise its right of option on any transfer of colonial possessions that Portugal might wish to make. If, for example, England wished to give Rhodesia access to the sea through Mozambique, I doubt if Portugal would refuse the request, even if it were merely in the form of a lease, as at the time of the negotiations for the grant to build and exploit Porto Beira in East Africa.

In the circumstances, it may be assumed that Portugal would never voluntarily sell any of her colonies, though they are a very heavy burden on the man in the street and one of the chief causes of the country's decadence, just as Spain's American colonies — another parallel between the Peninsular nations — caused her downfall. Portugal's colonies cost Portugal much more than they produce. But they are, in a sense, her historic coats of arms; it was

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chiefly to retain them that she entered the European War, and she would rather be ruined than sell them, unless compelled to do so; and only England could compel her. Further, England, the secular ally, would never allow another Power to interfere with the Portuguese colonies. So long as British dominion is supreme in Europe it is useless to think that any foreign influence can break the six-century bond which binds England, in a tutelary sense, to Portugal. I feel sure that no well-informed Englishman fears that Brazil or any other American nation will exercise an anti-British influence at Lisbon, or elsewhere.

To return to the Portuguese dictatorship, the following is a brief summary of what may be deduced from the preceding pages. If the government of General Carmona unconstitutionally obtains the loan which they need, the situation of the lenders with the Portuguese State, when normal conditions are restored, may be very embarrassing, if the constitutional parties, as they have repeatedly declared, refuse to recognize the debt. If the loan is not raised, and if the dictatorship has to live solely on ordinary receipts, one of two things must happen: either it will continue to pile up deficits, as in the days of the monarchy, in which case it will be exposed to the danger of the people's rising, in order to avoid national bankruptcy once more; or it will reduce the budget, chiefly by administrative economies, in which case it runs the risk of its own disappointed supporters turning against it.

In any event, it is probable that the Portuguese dictatorship will not last long. In February, 1927, it had to suppress a violent revolution in Lisbon and Oporto. The enemies of the dictatorship continue to conspire at home and abroad, and perhaps not many months will pass before another insurrection breaks out. The Portuguese, most of whom live almost in poverty, and who dream of Messianic remedies, are one of the most revolutionary peoples in Europe. In their contempt for human life — their own and that of others — there is a certain Oriental fatalism, combined with a sense of political idealism capable of every sacrifice, which is rare today in other parts of Europe. Dictatorships have been short-lived in Portugal and have usually had a tragic end.

The industrial working class is closer to anarchism and revolutionary syndicalism than to moderate Socialism, and it has also been influenced by the spectacle of the Russian revolution. However, the possibility of a Communist experiment may be dismissed. There are no leaders capable of organizing it, and even

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if they did, the isolation of Portugal in the extreme west of the continent, surrounded by conservative states like Spain and England (who would certainly not stand by helplessly while their neighbor's house was in flames) would doom the attempt to failure. As for the Portuguese country folk, their only political aspiration is to be assured each day of their daily bread.

Nevertheless, it is evident that the Portuguese people, if they wish ever to escape from the condition of anarchy — financial and social — to which they have been brought by numerous revolutions fomented by oligarchical castes, must in some way overcome the vicious system which has outlived the monarchy. They must free themselves from the old evils of "attorneyism" and militarism, and from the newer evil of plutocracy, that is, from the domination of the parasitic classes which struggle amongst themselves for office and booty. Bureaucracy — civil and military — is the cancer eating into the entrails of the nation; ninety per-cent of the State expenditure is swallowed up by unproductive and entirely unnecessary enterprises.

The most unnecessary factor, and the one most dangerous to political stability, is the military. No foreign danger threatens Portugal. In Spain nobody with the slightest intelligence thinks of invading the neighboring country. Judging from the indifference which the two Peninsular nations feel for each other, they might, so far from being neighbors, be at opposite poles. Perhaps the great advantage which both will derive from the electric exploitation of the Duero waterfalls, an agreement for which was ratified in August, 1927, may result in a closer material and spiritual *rapprochement*, but as yet this has not appeared. In any case, if a Continental Power were to move against Portugal, England would be a more effective defense for her than her army and navy. There are few countries in which the army and navy are so useless and at the same time so dangerous to domestic peace and to the public treasury. Only by radically suppressing them, or by reducing them to the modest proportions of sea and land police, can the Portuguese achieve the political equilibrium without which they cannot emerge from financial anarchy, raise their cultural level, develop their national wealth by giving it more equitable distribution, and become once more, as in the past, a lofty and original exponent of European civilization.

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BEFORE THE BRITISH ELECTIONS

By Henry N. Brailsford

ELECTIONS were once a purely national event. In Europe, since the Great War, their international bearing has become obvious. Electors, across the barrier of a frontier and a language, have grown sensitive to each other. Indeed, it is so well recognized in France and Germany that the result of a General Election in one country will influence voters in the other, that a period of maneuvring may be noted before the dates of the two pollings are finally fixed. A victory of the more liberal parties in either country will help the like tendency in the other; a simultaneous triumph of liberalism in both might inaugurate a new epoch in Europe. In fact, there seem for the first time to exist in Europe the moral and economic conditions for an advance towards a dim sketch of federalism. The movement for constructive peace can make progress by no other road. The formation of international cartels drives us in the same direction. The quicker minds in our business world realize that Europe can escape from its relative poverty only by expanding on a continental scale the markets for which each national industry caters. We tend more and more to seek an international solution for such problems as gold, the limitation of the hours of labor, and the distresses of the coal and sugar industries. But as yet the political driving force which might translate these tendencies into a living constitution has been lacking.

With more wisdom, more self-restraint and a livelier sense of the common good, the victors might have done it in 1918. They had their moment of omnipotence, when the world lay malleable under their hammers. They abused it, and the League of Nations came into being under conditions which contradicted its dominant idea. The rejuvenation of the League awaits a moment which depends on a hundred chances — a moment when governments equally conscious of an international purpose shall come to power together in several of the leading countries. The hope that this moment will arrive soon is not easy to entertain. Fascism has dug its dividing trench across our Continent. Communism has lessened the area of Europe by the whole extent of Russia. Yet the possibility remains that if the electorates of France, Germany and Great Britain were simultaneously to reveal a liberal mind, their

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political and economic prestige might suffice to pour new life into the League and to bring to a radical conclusion its interminable debates over security, disarmament and economic unity.

In France and Germany the electorates have already spoken. The German result is as hopeful as it well could be. The extremists of Nationalism suffered a catastrophic defeat; the Socialists, who of all German parties are the most resolutely pacific and the most conscious of an international aim, overshadow all their rivals and form the kernel of every possible coalition. Their readiness to use the experience and prestige of Dr. Stresemann in the shaping of their foreign policy increases their chances of fruitful and effective work. The French result was at a first glance less hopeful. But if M. Poincaré won a personal success, it was largely because he had learned his lesson in the Ruhr. Timidly and cautiously, a shy appeal to the spirit of conciliation and coöperation has crept into his perorations. He has, on the Left of his loose combination of groups, a big mass of independents who incline to that mild liberalism which the French call Radicalism. The decisive influence in French politics has come for many years from the metallurgical industry, and this has been a force for coöperation with Germany since it entered the Continental Steel Cartel.

But in the trinity of the Western Powers, which in the long run makes European policy, the casting vote belongs to Great Britain. For many a long year this vote has been a veto upon development and progress. Of all Foreign Offices in Europe, the British has shown the least sympathy with the League, the least understanding of its possibilities, the least zeal for its advance. Sir Austen Chamberlain has steadily refused to take one step beyond a conservative reading of the Covenant. He will not sign the so-called "optional clause" in favor of obligatory arbitration, nor will he sign general treaties of arbitration, even with such friendly and innocent states as Switzerland and Sweden. He resists every attempt to increase the authority of the League in dealing with disputants. Under Sir Austen's management, the British Government has been tied in a mysterious partnership with Fascist Italy, the most restless of the European Powers and the least disposed to pay even outward homage to modern ideals of international life. It would be a kindly judgment on British policy under Tory guidance to say that it has been negative. At each League Assembly there have been signs of growing impatience, especially from the smaller European states; but at each Assembly

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the heavy weight of the British veto has fallen, gently, almost with benevolence, upon a continent which has never ceased to feel surprise.

If this Tory epoch is destined to end with the British General Election of next year, there would vanish with it the sense of impotence which oppresses the mind of Europe when it tries to deal with its international problems. If a Labor government which had before it the prospect of a normal period of life and authority were to follow Mr. Baldwin's administration, Europe would feel that it faced a new era in the organization of its common life. Specifically, it would find the courage to attack once more the problems of security and disarmament. One may feel certain that a Labor government would include among its most cherished purposes the determination to seek, in a revision of maritime law, a new starting point for naval disarmament and a new basis for Anglo-American relations. It may matter profoundly, then, to Europe, and indeed to the world, what is the out-come of the general election which must take place in Great Britain during the coming year. Its exact date is uncertain, but the shrewdest prophets agree in choosing the month of May. By that time Mr. Churchill will have had the opportunity of producing, amid the warnings and grumblings of the experts, a budget which will dazzle the average middle-class man.

In broad terms, most candid Englishmen would agree upon the probable outcome of this election. It seems likely that the Conservatives will lose ground, that Labor will gain heavily in votes, and that both Labor and the Liberals will win a large number of seats. The uncertain voter, who decides every election, has the habit of voting under the prompting of dislikes and fears rather than of positive beliefs. He has no very hopeful conviction that any government can, or will, do much to better the world in which he lives, but he is apt to turn with petulance against an administration which has been incompetent or unfortunate.

It is possible that the impartial historian may apply both these terms to Mr. Baldwin's government: its positive record is certainly not inspiring. Its lot has been to preside over our national destinies during a series of years which have revealed the failure of our staple industries — indeed, of our whole economic system — to adjust itself to the twentieth century. We have been slow to realize all that is demanded from us in the passage from the age of coal, competition and small-scale production to the age of

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electricity, combination and titanic units. The sickness of our coal mines, our cotton factories, and our engineering shops measures our failure precisely in those industries which were the foundation of our fortunes during the nineteenth century. Statistics give but a faint picture of the suffering which this slow decay involves — one must have seen the despair of the mining valleys of South Wales, where entire populations are without work or hope; one must have witnessed the fall of whole villages in Northumberland or Lanark from relative comfort to the dead level of a bare subsistence, if one would grasp the human significance of the figures which tell of the relative decline of our export trade.

We used to talk of "the industrial crisis." We call it a crisis no longer. We have come to realize that we are confronted with a permanently unemployed population. Our distress can no longer be regarded as one of the customary moments of difficulty in the cycle of trade, and even the war becomes, with each year that passes, a less plausible explanation. Industry, hardened in the individualism of a long tradition, has been incredibly slow in evolving within itself the initiative and the leadership which would make the necessary changes. The obstacles to change which an old society like ours accumulates, are, indeed, so formidable that evolution seems difficult, if not impossible, without some measure of direction and compulsion from the State. That is so evident, that the Liberal Party, once the guardian of the principle of *laissez faire*, is now hardly behind the Labor Party in demanding the active intervention of the State to hasten the transition in these depressed trades to combination and "rationalization." Mr. Baldwin has occasionally wavered in his theoretic fidelity to *laissez faire*, but in practice he has insisted that industry must solve its own problems. He has failed to attempt even that persuasive leadership, fortified by enquiry, which Mr. Hoover has developed into a fine art. The fact is, of course, that he inherits the persistent Tory belief that there is only one way in which government can help industry, and that is by imposing a general protective tariff. Towards this he has moved, delicately, experimentally, by the device of "safeguarding" minor industries singly.

But towards the chief of the depressed British industries Mr. Baldwin's record has been on the whole negative. He did, indeed, conduct an inquest over the prostrate body of coal, but he failed to carry out any of his Commission's positive remedies, and chose, instead, to impose the one nostrum of the owners — the lengthen-

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ing of the legal working day — which his own Commission most sharply rejected. Into the plight of cotton, almost as tragic as that of coal, he has not even enquired. The record would be comparatively innocent if it were merely negative. But the ablest of our economists have analyzed the part which the hasty and maladroit return to gold played in aggravating the difficulties of our export trades. The average elector will not weigh Mr. Baldwin's record in fine economic balances. He knows nothing about currency, and has only the vaguest idea of what a government might do to hasten and direct the process of nationalization. But he knows that this government has sat helpless and resourceless through years of unemployment and decline; he feels, as the by-elections show, a disinclination to trust it again.

One cannot predict, nine months in advance, what the issue at a general election will be. It is the business of a party manager to "make" issues. The same crude talent which distracted the wits and inflamed the fears of the electors on the last occasion, by producing the forged Zinovieff letter, may again divert our minds from our graver concerns by inventing some similar irrelevance. But in his quieter moments the intelligent elector has one question which he will address to each party in turn. He will want to know what it proposes to do to arrest the decay of our staple industries, to adapt our economic structure to the twentieth century, and, as a consequence of these proposals, to bring back into the active ranks of labor our reserve of a million unemployed.

The Tory answer will centre in two proposals. The first of them is Mr. Churchill's scheme for lifting from productive industry three-quarters of the crushing burden of the local rates which it carries at present. Vulnerable in detail, the plan does unquestionably promise real relief to the struggling export trades. The other idea will be to extend "safeguarding," the new euphemism for "protection." This may help some of the weaker and smaller trades by enabling them to monopolize the home market, but it has nothing to offer to the great export trades, and if it extends (as it may) to the production of steel and other raw materials it will aggravate their case.

The Liberal answer is more interesting. The Liberals have lost all chance of recovering their hold on the urban working class; they are so disunited that their votes in the lobby of the House of Commons habitually cancel out; they are cursed with a leader so brilliant that no one can ignore him, and so mercurial that no one

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can trust him; they have lost to Labor many of their sincerest idealists and many of their most attractive personalities. But one asset they retain. They have by far the ablest general staff, and much the most gifted group of thinkers, economists, and journalists. They have used this staff, and trusted it, and supplied it with ample funds for research work. They have paid the electorate a compliment which one hopes it may deserve: they are wooing it with books. In three well-written and cheaply-produced volumes, packed with well-arranged facts and well-considered suggestions, they describe what they would do to cope with the problems of coal, agriculture and industry in general. It is, in sum, an elaborate and able scheme for the restoration of our economic life. It aims generally at bigger units and large combinations; it gives its due place to research; it brings in the State to control and regulate and even to plan; here and there (so far has modern English Liberalism moved from the old *laissez faire*) it even proposes nationalization. Thus it boldly suggests the nationalization of the ownership of agricultural land and of minerals. Its stress on agriculture is interesting: we must import less, if we are to restore our imperilled balance of trade. One guesses that progressive Tories, like Mr. Garvin of the *Observer*, look at these books with envy. A Socialist, if he were candid, would wish in many directions to go farther, but he would secretly rejoice if the whole of this wide program could be realized.

The Labor program is by comparison sketchy. This party offers pamphlets where the Liberals produce books. It follows rather similar lines, though the guiding thought of restoring industry is less evident and less influential as a shaping influence. It too would nationalize, as one single complex, the related industries of coal-mining, electricity, the distillation of fuel oil, and the railways (which it proposes to electrify), but it goes far beyond the Liberal scheme in nationalizing the ownership of these industries, while providing them with an autonomous management, very different from the old Fabian conception of bureaucratic services. Its agricultural program realizes, as the Liberal scheme does not, that the pivot of the farmer's fortunes is the price of his produce. It has a bold and interesting plan for stabilizing and regulating the fluctuating prices of wheat and meat, by setting up a disinterested monopoly, under state control, for the importation of those staple foods. By a variant of this idea the same result would be attained for milk and milk products.

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The Labor program would have been more interesting, though doubtless more alarming to timid electors, if the Left Wing (the Independent Labor Party, a distinct but federated component of the bigger Labor Party) had had its way. Its leading idea was to start the restoration of industry by expanding the home market. It aimed at increasing the purchasing power of the masses: first, by declaring an ideal standard wage, and gradually reorganizing the more backward industries until they could pay this figure; and, second, by paying out of direct taxation an allowance to every working-class child — a plan familiar, though in much more modest forms, on the Continent and in Australia. For the regulation of prices and the control and expansion of industry, it laid stress on the nationalization of certain key services, especially banking and the importation of raw materials.

These daring suggestions the Labor Party has rejected or "shelved," and its program is in consequence "safer" but less original. It runs, on the whole, closely parallel to the Liberal books, and where it differs (notably in proposing the nationalization of the coal mines), one gathers that the more radical remedy is relegated to a vaguely distant future. For the program includes an "interim" series of reforms, which can be set going without nationalization. The two programs differ rather in accent and appeal than in their concrete plans. The Liberal aim is to reorganize industry. The Labor Party enumerates rather a long series of benefits for the workers. Of these perhaps the chief and the most salutary are contained in an admirable educational program. Both adhere to Free Trade. Both promise considerable developments of the existing housing insurance and pension services. The Labor program will be most sharply attacked for a proposal to levy a new supertax on unearned income over £500, for the purpose of paying off war-debt and extinguishing taxes on food. Neither program touches the exciting controversy that rages round the Church of England and the revised Prayer Book. If ever dis-establishment comes, it will come by consent, and at the request of the Church.

One doubts how much these programs will affect the result of the election. The organized workers belong to the Labor Party, and it holds securely the bulk of the seats in industrial districts. The propertied class will not waver in its devotion to the Conservative Party, and with it goes an immense following of timid and dependent voters — small tradesmen, servants and agricul-

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tural laborers, who habitually seek safety in the Conservative wake. Liberalism, with a much diminished body of manufacturers at the top, has its main following in the Nonconformist lower middle-class, and on the Celtic fringe — in Wales and the Scottish Highlands. To these thinking "chapel" people, Labor makes a certain counter-appeal, based on its idealism and its record in the service of international peace. By the moderation of its program it should commend itself to such voters, though it runs some risk, in the desire for moderation, of becoming dull. The Liberals, aided by their able press, with their interesting programs behind them, are struggling with some success to regain the middle-class electors who had drifted in recent years to the Tory fold. They have ample campaign funds, drawn from the sale of peerages under Mr. Lloyd George's régime, and they propose to contest no less than 500 constituencies. They will win some suburban and perhaps some agricultural seats. But most of their candidates will poll a negligible vote, which none the less, under our chaotic system, will often confuse and falsify the result. We disdain in our electoral mechanism both proportional representation and the second ballot, and the result is muddle. The Tories at the last election won power and an overwhelming majority in the House on a minority of the votes cast. Labor, adding over a million votes to its total poll, lost forty seats in Parliament. Such vagaries baffle prophecy. There will be next year the further complication that women between 21 and 30 years of age will vote for the first time. Wherever (as in Berlin) women's votes have been separately counted, the result shows them to be slightly more conservative than men, but this tendency may be balanced by the youth of the new voters and the fact that a large proportion of the younger working women are organized in Labor Unions. The probability is, I think, that Labor and the Liberals will together command an absolute majority in the House. While Labor may, with luck, be the biggest party of the three, it is not likely that it will be able to dispense with Liberal support.

To this impasse both parties are drifting in a fatalistic mood. There will be no arrangement before the election; after it, my own guess is that an arrangement will be furtive and informal. The older generation in the Labor Party remembers with what difficulty it emancipated itself from Liberalism, and in spite of its moderation it dreads an alliance. The younger generation is consciously Socialist: it will not make common cause with a capitalis-

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tic party. Both wings distrust Mr. Lloyd George, and bitterly recall his record — his advocacy during the war of the policy of the "knock-out blow," his plea for "hanging the Kaiser" at the 1918 election, his responsibility for the Peace of Versailles, his use of the "black-and-tans" in Ireland, his attempt (foiled by the Dominions) to renew the war with Turkey. He seems an impossible associate, even if one could count on his loyalty in any partnership. Yet it seems equally impossible to muddle along, as Labor did in 1924, without an arrangement, waiting for the moment when the Liberals, tired of sitting in the shadow and voting for a Government which treated them with disdain, ended the unavowed partnership with a hostile vote. Over the domestic program an arrangement would not be difficult: over the international program no bargaining is necessary. Both parties are strong supporters of the League of Nations; both welcomed Mr. Kellogg's treaty; both profess zeal for disarmament; and both of them, in all these matters, are in the main sincere. Labor would be wise to offer some seats in its Cabinet to Liberals. By giving offices away, one may avoid the more painful alternative of bartering one's principles. There is no lack of ability in the Liberal ranks. But it is highly improbable that this frank procedure will be adopted. Appetites have to be satisfied, and stronger than any appetite is the deep passion in the Labor ranks for independence. But independent a minority cannot be. Mr. Lloyd George will hold the balance, and with it can exercise the power of veto. But a veto of one sort or another Labor can hardly escape. If it comes to terms with Mr. Lloyd George in the Commons, it will still have to face the House of Lords. There remains to it the whole field of finance, administration and international affairs. With tact and good leadership, it might, in the normal four years, put to its credit an immense acheivement of pacification and reform.

Supposing the sort of election result which I have ventured to prophesy, the inspiration and guidance in foreign affairs, however the ministry may be composed, will be Mr. MacDonald's. In domestic affairs he is not an inspiring or constructive leader. His tactics are those of a man who has learned opportunism in the daily work of Parliament. He lacks Mr. Lloyd George's shaping imagination, which revels in wide and ambitious schemes. But the man who faced ostracism during the war has a passion for international peace. Here he will be bold, logical, and constructive, and he has the indispensable gift, as he proved in 1924, of under-

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standing the French without yielding to them. But the experience of 1924 proved also that even Mr. MacDonald's inordinate power of work is not equal to the triple task of leading Parliament, supervising the other Ministries, and conducting the Foreign Office. We had in 1924 a brilliant Foreign Secretary, but we had no Prime Minister. It is fairly certain that another man must be found for the Foreign Office. Of the older men, Mr. Thomas and Mr. Henderson are both possible. Mr. Thomas, the ultra-moderate of the Party, enjoys the personal confidence of a chief who makes few intimate friends. He is quick, shrewd and adaptable, but his mind is not of the calibre for this work, nor would the Party as a whole trust him. Mr. Arthur Henderson is neither brilliant nor ambitious, but he has rare common sense, and the Party trusts and respects him. To him, in the main, fell the credit of negotiating the Protocol at Geneva in 1924. A manual worker by origin, he has, nonetheless, a wide and intimate experience of foreign affairs, gained during half a lifetime in the Socialist International. Of the younger men, Dr. Hugh Dalton, a lecturer in the London School of Economics, would be an admirable choice, if any "intellectual" may aspire in the Labor Party to a post of this importance. Mr. Owald Mosley (Lord Curzon's son-in-law) would make a brilliant Foreign Secretary, but for this particular post the hatred which the Tories feel for a man who once was in their ranks may be a fatal disqualification.

In any attempt to forecast even the near future of next year, one peers through that mist of arithmetical hazards which is an English election. One realizes how much may turn, when Cabinets are constructed, on personal whims and capacities. But on one broad prediction one may safely venture. It is the more progressive and internationally-minded majority in British public opinion which will thereafter dictate our foreign policy. From the vantage ground of Downing Street, an able man could so use the prestige of the British Empire as to wipe out the worst legacies of the Versailles Peace, close the chapter of indemnities, end the occupation of the Rhineland, knit Europe together in a true coöperative league for security and economic welfare, advance disarmament, and seek the basis for a frank understanding with the United States. The probability is that the British electorate will give this man his opportunity: Europe craves such leadership.

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STABILIZING THE FRANC

By J. A. M. de Sanchez

THE June twenty-fifth issue of the *Official Journal* of the French Republic published the text of the Monetary Law under which France returned to the gold standard. Thus almost exactly twenty-three months after accepting the portfolio of Minister of Finance, M. Poincaré brought to a conclusion the task of fiscal reform which he had set himself.

If M. Poincaré's achievements in his first year were remarkable,[1] those in his second have been no less so. Not only have the measures which were adopted in 1926–1927 continued to be strictly enforced, but new ones have been sought and applied which have resulted in a further strengthening of the credit structure of the State proper and of the national economy as a whole. So careful and complete were the preparations for *de jure* stabilization of the franc that the event itself was received in France almost phlegmatically. Yet it is no exaggeration to say that of all the programs of fiscal reform which have been applied in the past ten years, the French is in many ways the most interesting.

By July 1926 the gradually growing uneasiness with which the French people had watched the efforts of successive parliaments and ministries to develop a comprehensive program of fiscal reform was manifest. Confidence in the integrity of the fiscal methods of the French State was more seriously impaired than it had been at any time since 1792. On the 23rd of that month the 4 percent *rente* of 1918, a typical State issue, sold to yield 9.30 percent per annum. The Treasury was without current funds to meet its month-end payments and had no borrowing margin at the Bank of France. Its foreign balances barely totaled $10,000,000. There was every indication that the budget for the year would show a deficit of over six thousand million francs. The floating debt totaled nearly 90 thousand million francs, of which over 50 thousand million francs was in the hands of the public. This debt matured at the rate of 7.5 thousand million francs per month, and so uneasy were its holders that maturities had largely exceeded renewals for some time past. In addition, the Treasury was required to make provision to meet or refund

[1] The first year of M. Poincaré's financial administration was examined in FOREIGN AFFAIRS for October, 1927.

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heavy approaching maturities of short term debt. In the meanwhile the franc had fallen to nearly 250 to the pound sterling, one-tenth of its pre-war value.

It is a tribute to M. Poincaré that he found it unnecessary to adopt extreme measures to deal with this situation; the French Parliament abrogated none of its authority in his favor; no forced consolidation of the floating debt took place; no fresh advances were sought at the Bank of France; no large foreign loans or credits were obtained by the Government. There was no display of fiscal virtuosity. On the contrary, a reform program based on sound principles was adopted and enforced. First, the budget was balanced by means of new taxation; the year 1926 closed with a surplus of over 1,500 million francs in the hands of the Treasury. A Sinking Fund and Public Debt Management Commission was created to manage the floating debt and administer the newly created sinking fund. The Bank of France was authorized to purchase and sell foreign exchange and to purchase gold at approximately its current value from its holders in France. The policy of paying the market price for money was adopted and a series of floating and short term debt consolidation loans were successfully offered. The efficacy and adequacy of these measures have received striking proof.

On the eve of the *de jure* stabilization, the 4 percent *rente* of 1918 sold to yield 5.05 percent. The Treasury was amply supplied with cash. Its foreign balances cannot have been much under $100,000,000. Budgetary receipts in the first five months of 1928 were one thousand million francs in excess of estimates. The budget for 1928 will yield a surplus as did those of 1926 and 1927. The floating debt in the hands of the public, which now consists entirely of two year bills, has been reduced by over 20 percent, and that in the hands of the Bank of France by over 50 percent. No floating debt matures before January 1, 1929, and maturities thereafter will not average over two thousand million francs a month. Not only has the Sinking Fund Commission been successful in its efforts to fund or lengthen the term of the floating debt, but it has been able to do so on such excellent terms that the service charges on the floating debt have actually been reduced by over 300 million francs per annum. Furthermore, between 25 and 30 thousand million francs of short term debt have been refunded. No short term debt matures before 1931. In the meanwhile the franc, which had doubled in value between

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July 23 and December 20, 1926, had been *de facto* stabilized for nearly eighteen months at 124 to the pound sterling.

While this improvement in the position of the Treasury was taking place, the position of the Bank of France was being even more markedly strengthened. Acting under the authority of the Law of August 7, 1926, the Bank in addition to purchasing gold at home had undertaken to regulate the exchange market for the account of the Government. During the period of rapid appreciation of the franc it slowly increased its holdings of foreign exchange. After the *de facto* stabilization in December, 1926, its valuta purchases grew at an amazingly rapid rate. In the Spring of 1927 the Bank was enabled to liquidate its indebtedness to the Bank of England, a transaction involving a net outgo of approximately $90,000,000. Between August 1926 and June 1928 the Bank acquired gold and valuta to the extent of nearly two thousand million dollars. It should be noted that the Government coöperated in this program of exchange regulation and purchase by using the cash supplied by a series of consolidation loans to pay off 18 thousand million francs of its indebtedness to the Bank.

By the beginning of 1928, therefore, it was clear that M. Poincaré had laid the basis for a return to the gold standard. A political factor, however, complicated the problem. The country faced a general election in April. M. Poincaré hesitated to take definite action until the country had had an opportunity to express itself concerning his policies since taking office. No doubt he recalled the violent criticism with which both press and parliament had greeted the Experts' recommendations concerning *de jure* stabilization in June 1926. But the lessons of the first eighteen months of his administration had been well learned and, however the results of the April elections may be interpreted, this much is quite clear, the French people by an enormous majority indicated their confidence in M. Poincaré's administration of the office of Minister of Finance. Further confirmation of this feeling was offered by the extraordinary success which attended the issue of the 5 percent Consolidation Loan which was offered immediately after the elections in May. In six business days cash subscriptions to this Loan totaled over $400,000,000, foreign subscriptions being unusually heavy. Indeed it was the very success of M. Poincaré's measures which made a definite return to the gold standard at an early date essential if this success were not to be jeopardized.

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As has been noted, subsequent to the *de facto* stabilization of the franc, the Bank of France found itself obliged to make increasingly heavy purchases of foreign exchange. The Bank was able to make such purchases for a considerable period of time without their involving any important increase in the note issue. Between the Fall of 1927 and the Spring of this year, however, a 10 percent increase in the note issue, which could be wholly ascribed to the exchange purchases of the Bank, did take place. The satisfactory outcome of the elections and the great success which greeted the 5 percent Consolidation Loan so accelerated the flow of capital to France that the Bank was faced with the choice of either continuing to increase its note issue in order to purchase the excess exchange offered, and thus inaugurate a first rate gold inflation, or abandoning the *de facto* stabilization of the franc and allowing it to rise to whatever point speculation could drive it. The only alternative to either one of these courses was a return to the gold standard, which would at once put a stop to speculation for the rise of the franc and at the same time enable the Bank to obtain control of the internal money market. It was upon this course that M. Poincaré determined, in spite of the fact that he may have wished for a further period of time in which to study the measures necessary to *de jure* stabilization.

The choice of the *de facto* rate for *de jure* stabilization has been the subject of some criticism both in France and abroad. It has been argued that M. Poincaré should have stabilized at a higher level, at just what level his critics do not agree: some say 100 francs to the pound sterling, others say 75 francs to the pound. Those who argue for a higher rate, whatever figure they choose, agree that they do so in the interest of the *rentier*. Without questioning the justice of the thesis that the losses of the *rentiers* should be reduced to a minimum, M. Poincaré was bound to consider whether the losses which the country as a whole would suffer as a result of stabilization at a higher rate than 124 to the pound would be compensated for by the gains which would accrue to the *rentiers*. *De facto* stabilization had been determined upon in December 1926 in order not to prolong and intensify the effects of the deflation which followed the rapid appreciation of the franc in the preceding five months. In the six months which followed *de facto* stabilization all the chief characteristics of a post deflation period were noted. There was unemployment, an increase in bankruptcies, receipts from taxation temporarily declined, car

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loadings and railway traffic receipts fell off. There was a general slackening in the demand for goods. That this depression was shortlived and rather mild in character was due to the fact that the rate of *de facto* stabilization did not require any very wide readjustment of the internal price level upward or downward.

The growing prosperity of the second six months of 1927 and the first quarter of 1928 demonstrated that the country had adjusted itself with remarkable rapidity to the new condition of affairs. Trade improved, unemployment disappeared, tax returns again began to exceed estimates, and — particularly satisfactory — it was made clear that the weight of taxation which had to be borne in order to balance the budget, while heavy, was not so heavy as to act as a hindrance to the normal growth of industry and commerce. Considering that nearly 46 percent of all the taxes levied in France are expended in the payment of past services, this fact proved most reassuring. For while it is true that the wide distribution of public debt in France (it is estimated that there are 1,900,000 holders of Government stock) makes the huge debt service charge for which the budget must provide seem a less serious problem than would be the case if the debt were concentrated in a few hands, nevertheless, in the actual circumstances of France every Finance Minister must shrink from adding to the dead weight charges which the current productivity of the country must bear. The real weight of present taxes in France is 43 percent above the corresponding weight in 1914. If M. Poincaré had allowed the franc to rise from four to five cents in value the real weight of taxes would have been increased to about 54 percent above the 1914 level, whereas, the actual sum of the taxes collected would have declined in terms of francs without any corresponding decline in 46 percent of the Government's annual expenditure. Furthermore, in order to maintain budgetary equilibrium the Finance Minister would have been obliged to increase the rates of existing taxes to the extent necessary to compensate for the loss of revenue which the rise in the value of the franc would have occasioned, and this at a time when the business community would have been suffering from the severe deflationary crisis which would have inevitably followed a 20 per cent appreciation in the value of the currency.

In addition to such large considerations, M. Poincaré must certainly have had in mind the fact that a rise in value of the franc from four to five cents would have obliged him to find a

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sum of 10 thousand million francs with which to compensate the Bank of France for the loss which it would have incurred owing to its heavy foreign exchange purchases at the four cent level. He has himself admitted that he at one time favored a further rise in the value of the franc — to what level he did not indicate — but that the more carefully he examined the question in all its aspects the more firm became his conviction that it was in the best interests of the country as a whole to return to the gold standard at the *de facto* rate of stabilization rather than at any other level. During the parliamentary debate of the stabilization bill no one presented, and outside of parliament no one has as yet presented, an argument which would lead any informed person to doubt the soundness of his contention and of the decision to which it led.

The new Monetary Law and the Conventions with the Bank of France, and the Sinking Fund Commission which supplement it, contain a number of provisions which imply a radical departure from the pre-war monetary practice of France. The franc, which remains the French monetary unit, consists of 65.5 milligrams of gold, 900/1000 fine. It is convertible at this rate on demand into either gold coin or bullion at the option of the Bank of France and in minimum quantities to be fixed by agreement between the Bank and the Finance Minister. Thus a gold currency is not contemplated for the present, although provision is made for the introduction of gold coin into circulation at some later date; for the moment, as in Great Britain, the gold bullion standard is to suffice.

Article Four of the Monetary Law abolishes previous legal provisions fixing a maximum total note circulation. It requires the Bank to maintain a gold coin and bullion reserve equal to at least 35 percent of its demand liabilities, that is to say, of its note circulation and deposits combined. Thus the Law of the 17th Germinal of the year XI, which required a fixed legal limitation to the note issue, is abrogated and a limitation on the usefulness of the Bank is removed. The decision to require the Bank to maintain a minimum reserve against demand liabilities is in accordance with the almost universal modern practice in this respect. It is based on the recognition of the fact that deposits are potential currency and therefore should carry a reserve.

It should be noted that bimetalism is abolished. The Monetary Law in fact reduces silver to its proper rôle as a material for

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minor coinage; it is legal tender for only small amounts. One further provision of the law is of especial interest: deposit accounts of Banks or individuals with the Treasury are abolished. The Treasury thus quits the Banking business, thereby considerably enhancing the Bank of France's control of the money market.

The tendency to give the Bank of France the dominant control over the monetary system of the country, which is noted in the Monetary Law itself, is confirmed by the Convention entered into between the Bank of France and the Government which supplements the law. The Convention provides that the profits of the revaluation of the Bank's reserves shall be devoted to the liquidation of the residue of the State's debt to the Bank and to the repayment of a sum of 1,350,000,000 francs formerly carried in the Bank's statements as "gold pledged abroad." The Bank retains the valuta which it has purchased in the last two years. It is required to make a permanent, non-interest bearing advance to the State of 3,000,000,000 francs the proceeds to be credited immediately to the current account of the State with the Bank. The debt of the State to the Bank on account of Treasury Bonds discounted for foreign governments, totaling 5,930,000,000 francs, is taken over by the Sinking Fund Commission to which certain specified sums are to be paid for its amortization. The Bank is granted the right to purchase short term bills and securities for such foreign banks of issue as have current accounts with it. On the demand of such banks the Bank of France may rediscount such bills for their account. The Bank is given the means and authority to undertake open market operations with a view to controlling the volume of credit when such a course seems advisable.

The effect of the above is to make the Bank of France one of the most powerful central banking institutions in the world. Its gold reserve at home, which is equal to about 40 percent of its demand liabilities, totals nearly $1,160,000,000. Its assets include foreign exchange holdings which aggregate approximately $1,425,000,000. Thus over 80 percent of its assets are in the form of gold or foreign exchange. It has the means at its disposal to obtain complete control of the internal money market and to act as a depositary and in other banking transactions for foreign central banks. Its management is in the hands of men who have so clearly demonstrated their skill, foresight and judgment in the

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past two years that the prestige of the Bank has been enormously enhanced. So complete is the restoration of confidence in the soundness of the Bank that the weeks immediately following stabilization were characterized by a steady flow of hoarded gold into its coffers. No more striking tribute could have been paid to the success of France's monetary reform than this spontaneous desire of the public to exchange hoarded gold for bank notes.

With the exception of the United States, France is the only belligerent state which has returned to the gold standard without the aid of foreign loans or credits. Not only has she brought to a conclusion the work of physical reconstruction, involving a total expenditure of nearly $7,000,000,000, six-sevenths of which sum she provided from her own resources, but she has similarly, through a further mobilization of her resources, successfully concluded the task of fiscal reform. When one considers the diversity and complexity of the problems which France was called upon to solve after the Armistice the promptness and completeness of their solution is astounding.

The French seem to have made the art of recovery from war and its consequences their own. After the Religious Wars, under the Regency, under the Directorate, after Waterloo, after 1870, in a surprisingly short time, almost imperceptibly, France has reconstituted her power and wealth. Competent leadership such as she now enjoys has been forthcoming at such times, and the national genius has promptly responded. Small wonder that the French now face the future and its problems, internal and external, with equanimity and renewed confidence in their capacity to find a solution.

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THE NORTHWARD MIGRATION OF THE CHINESE

By Walter H. Mallory

MANCHURIA has aptly been called the Belgium of the Far East. For many decades this ancient domain of China's last ruling house has been criss-crossed by the interplay of political and economic forces between China, Japan, and Russia. It was the bone of contention in the Russo-Japanese war, and Roosevelt by using his strength to prevent a decisive issue to that struggle, which might have upset the "balance of power" of the Pacific, preserved the problem for solution at a later date. The factors making for strife are the same today as they were a generation ago. They are economic and strategic, but lately there has been the added factor of nationalism which modern China is expressing with unwonted animation.

China wants Manchuria to become in fact, what it is in theory, a recognized part of the Republic of China, and a home for the excess population of her other provinces. She hopes to develop its vast resources for the profit of Chinese citizens, and she aims at removing the special privileges which other nations have acquired and which seem not only to deprive her of material profit but also to carry the implication of inferiority or incompetence.

Japan also wants to develop Manchuria, but primarily for the benefit of her own people. Largely by means of the special privileges which she secured there as a result of the Russo-Japanese War, assuring her of an unrestricted supply of raw materials and foodstuffs, she has built a modern state. In the process, Manchuria has been securely welded into the economic fabric of Japan. Japan has passed from an agricultural to an industrial nation, and this has made possible the doubling of her population in the last forty years. She fought a war with a major Power to gain her Manchuria privileges. It is reasonably to be expected that she will take whatever steps she considers necessary to conserve them.

In the background stands Soviet Russia, at present deeply immersed in domestic affairs, but inevitably concerned with the title of the area through which her commerce must pass on its way to Vladivostok. Her Pacific strategy depends on Manchuria,

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and in the final analysis it is the guarantee of her eastern maritime domain. Vladivostok can be reached by rail from Moscow through Russian territory only by a circuitous route, the direct line running through the heart of Northern Manchuria. Apart from this interest in the fortunes of Manchuria, Russian policy has in the past been concerned with the acquisition of a warm water port to replace those she lost as a result of the Treaty of Portsmouth, and it is conceivable that this consideration may again influence her conduct.

This, then, is the background. In the foreground are a rampant Chinese nationalism, articulate but without effective organization, and a Japanese government which has adopted a "positive policy" and which feels itself "responsible for the maintenance of peace" in Manchuria. Athwart the whole picture falls the ominous shadow of Soviet Russia.

While the political scene has many dangerous aspects, there nevertheless are working quietly, almost unobserved, economic forces which in the long run may make the political problems less difficult of solution. Manchuria is prosperous. Japan is receiving from the region the raw materials and food she requires. She is developing the country by means of a growing network of railways. Russian goods move over the Chinese Eastern and South Manchuria Railways. Yet China each day is getting a firmer and firmer grasp on this region through the migration of Chinese to Manchuria, a migration which at first was slow but which has grown year by year until now it is the most significant movement of population in the world.

Manchuria, which lies outside of the Great Wall, has an area of 363,700 square miles. It is about one fourth as large as China proper, and it has less than 6 per cent of the country's total population. It is on the whole a rich land with fertile soil and probably capable of sustaining a population density somewhat comparable to that of the original eighteen provinces of China. The proportion of plain is somewhat larger than in China proper, but the climate is colder, and this eventually may prove a severe handicap to dense settlement. More dependable rainfall and less frequent floods make the crops more reliable, however, than on the great southern plains, where the people labor under the constant fear either of too much rain or none at all.

Manchuria has always been regarded as a dependency rather than as an integral part of China, although a strong effort to

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weld her more securely to the eighteen original provinces has been made by the Chinese authorities in recent years. It was the home of the Manchu tribes who conquered China in 1644, but who, instead of making it part of a greater China, kept the Chinese from settling it. At the same time they offered special inducements to the descendants of the victorious Manchus who had gone to Peking as the imperial entourage of the Emperor to return and develop their homeland. During almost the entire Manchu régime, therefore, Manchuria was ruled as a separate dependency; but by the Imperial Decree of April 20, 1907, the three provinces comprising Manchuria — Shengking (Fengtien), Kirin, and Heilungchiang — were combined into the single vice-royalty of the Three Eastern Provinces.

Here we have the reason why this rich land of opportunity, lying so near to areas of dense population and even of gross overcrowding, should today be so sparsely settled. Economic laws have not been permitted to function. They have been deliberately set aside for considerations of a political nature, and during the last generation they have been constantly interrupted by conflict.

If we examine the ancient history of China we find that her problems were very similar to those of Rome. Her people were an agricultural race who settled on the plains and developed a civilization. They were surrounded, however, by barbarian tribes and the most savage and warlike of these were always to be found in the north, in Manchuria and Mongolia. For centuries these tribes made repeated incursions into China proper, conquering varying portions of territory and setting up dynasties to rule the amenable Chinese, until they in turn were absorbed and civilized and so fell before another wave of barbarian conquest. Even the Great Wall, separating China proper from Manchuria and Mongolia, served as but a temporary check to these inroads.

But the Chinese have not always been on the losing side. C. W. Bishop, the archaeologist of the Smithsonian Institute, states that evidences have been found in Southern Manchuria of the existence there in prehistoric times of a civilization apparently identical with that of the Chinese of the Yellow River valley at the close of the Stone Age. This would indicate that in prehistoric times Southern Manchuria at least was included within the Chinese culture area. Later on, there seems to have commenced a southward movement on the part of the Tungusic tribes of the

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valleys of the Sungari and Amur which resulted in the retreat of the prehistoric Chinese to a line somewhat south of that at present followed by the Great Wall. The entire historical period has been occupied by the struggle of the agricultural Chinese to push the northern invaders back, while the latter have as constantly tried to conquer the people of the Great Plain.

At the dawn of history the mountainous regions between the Great Plains of China and Manchuria were covered by a dense forest. Among the earliest Chinese historical records are accounts of the efforts to push into this region. At first they were successful, doubtless due to the fact that the Chinese were now equipped with bronze weapons while their northern adversaries were still in the late Stone Age. Toward the beginning of the Christian era, however, the Tungusic tribes seem also to have become possessed of metal, and of the horse as well. The great increase in mobility and hitting power thus acquired enabled them to turn the tables on their enemies, and from that time onward various tribes, ending with the Manchus themselves, not only were able to maintain their territory in Manchuria intact from Chinese settlement, but actually succeeded in conquering China itself.

The northern tribes, however, have never done more than effect a comparatively temporary military and political occupation of Chinese territory. They have never been colonizers. The conquest of China by the Manchus in the seventeenth century was in no sense a cultural one, but was merely a military occupation supported by garrisons. While it lasted, the Chinese were engaged in steadily absorbing their conquerors, both racially and culturally. This conquest led in the end to the undoing of the Manchus; for they were far too few in numbers and too backward in civilization to hold their own against the countless millions of their subjects. But until the dynasty had finally crumbled away, Manchuria was not a field for Chinese settlement. There can be little doubt that the Chinese farmers would have occupied Manchuria centuries ago had it not been for the war-like nature of its inhabitants and their unwillingness to share their lands. Even as it was, the Chinese succeeded during the opening centuries of the historical period, from about 800 B.C. onward, in reoccupying and colonizing part of the area which they seem to have lost in prehistoric times, making the entire country south of the line of the Great Wall essentially Chinese in culture, whatever it may have been politically.

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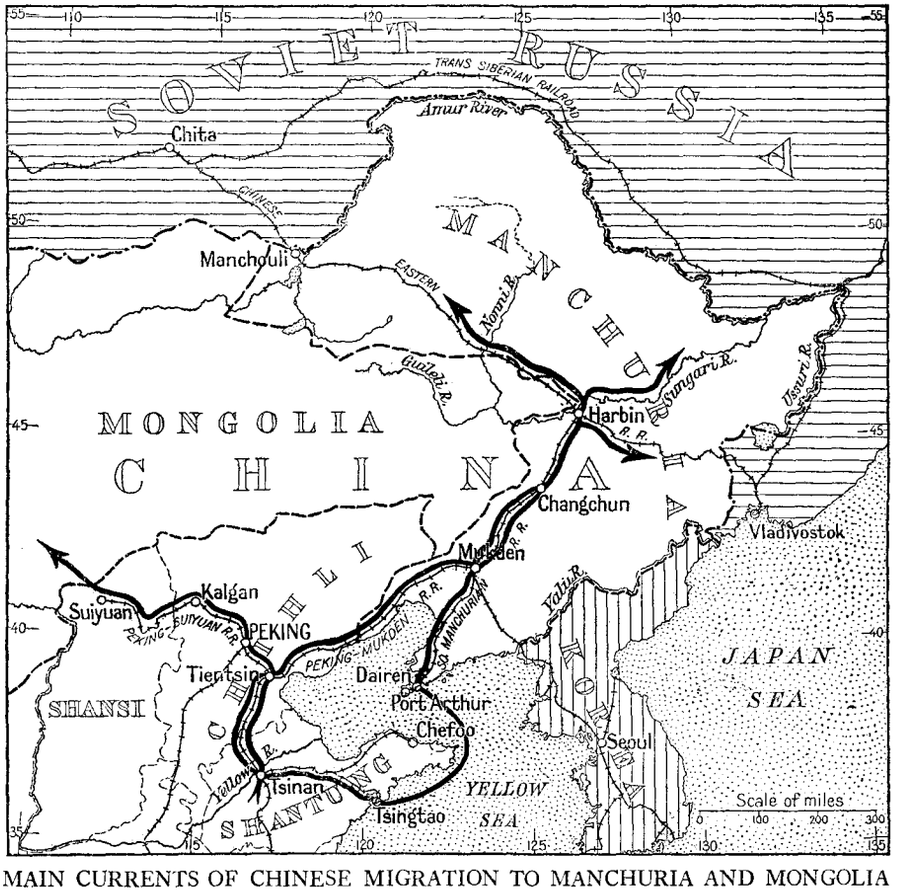
Thus we find that despite the home-loving character of the Chinese people, there has always been the tendency whenever possible to push northward into the rich Manchurian plains. Although the settled policy of the Manchus was to prevent the influx of Chinese, there were times when the restrictions were slightly relaxed or when conditions in China proper were so unbearable that the people were willing to take great risks and



MAIN CURRENTS OF CHINESE MIGRATION TO MANCHURIA AND MONGOLIA

undergo unusual hardships to migrate. In such periods there was a marked acceleration of the rate of settlement. One instance of this sort was in the first half of the nineteenth century, when, in order to replenish the imperial treasury, the lands of the Sungari River Valley were offered for sale to the Chinese. According to Abbé Huc, the "Chinese rushed upon them like birds of prey, and a few years sufficed to remove everything that could in any

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way recall the memory of their ancient possessors." It may have been due to this acceleration of the impetus to migrate, that Manchuria by the middle of the nineteenth century was no longer Manchu but Chinese. In the southern part, the most densely settled, practically the last vestiges of the ruling race had been blotted out. Today, so completely has Chinese ability to permeate and absorb a foreign culture prevailed that all alien characteristics and customs have been effaced. The few Manchus who remain and are distinguishable speak the language of the Chinese and follow their mode of life. The rest have been driven back into Mongolia and the northernmost reaches of the Sungari and Amur valleys.

The official barrier to immigration into Manchuria was removed in 1878, and a steady stream of Chinese has since moved into the Three Eastern Provinces. Since 1900, immigration has been officially encouraged, but while there has been a constant movement northward, it has not been official pressure that has produced the present unprecedented exodus from North China.

According to officials of the South Manchuria Railway, the population of Manchuria has increased since 1880 as follows:

Year	*Population*	*Average Yearly Increase*
1880	9,131,240	
1900	14,338,000	260,000
1920	22,513,750	408,000
1927	26,365,300	550,000

Of the present population approximately 800,000 are Koreans, 120,000 Japanese, something over 100,000 Russians and other foreigners, and the balance Chinese (the Manchus having been absorbed).

Unfortunately, there are no accurate statistics which trace this exodus into Manchuria. But figures covering the last few years are available for Dairen, one of the ports through which the immigrants pass:

Year	*Arrived from China*	*Returned to China*
1924	165,044	107,455
1925	193,802	95,816
1926	254,863	134,460

It is reported that 1,000,000 migrated in 1927, and the estimates for 1928 vary between two and four millions.

It should be explained that there is a seasonal movement of labor which is to be distinguished from immigration proper.

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Those given in the above table as returning to China from Dairen constitute for the most part this group. For many years, even before the construction of railways, there has been an exodus of Chinese laborers from Shantung and Chihli to Manchuria in the spring. In the fall, they returned to their families with their earnings. Before railways were built, they walked. It takes about a month each way from Shantung. Even after a railway was completed they continued to walk, for the fare at first was over $9.00 and that sum was a little more than sufficient for a month's food. Time being of no value to the Chinese farmer, he walked and saved the difference. Finally, the railway authorities made a special rate, and every year now the migrants are loaded on flat cars and taken to their destination. It has proven an unexpected source of profit to the railway, for they load and unload themselves and they can be packed in the cars in such numbers that the profit is greater than on the usual freight.

Some of these seasonal laborers have ended by finding a permanent place for themselves in the land of opportunity and eventually have brought their families to the new home. But the migration which is taking place today is not a seasonal one, although the "spring come, autumn go" group is a part of the picture. Last year the labor element was but a fraction of the total; a fifth were women and children, and the proportion this year will be even larger. Many more of the men than formerly have the expectation of settling permanently and bringing their families later.

The great human stream pouring into Manchuria today is divided into two main channels, one along the Peking Mukden Railway line, and the other by sea from the ports of North China to Dairen and thence along the line of the South Manchuria Railway. The two channels meet at Changchun, and those who have not already found a place for themselves continue northward where they spread out into a fan-shaped arc from Harbin. Some go in a northwesterly direction along the Chinese Eastern Railway line toward the Russian border, and of the two other larger currents, one pours northeastward into the valley of the Sungari River, and the other turns southeast and follows the railway toward Vladivostok. Most of those arriving at Dairen walk the 400 or more miles to their destination, carrying their children and household possessions with them; others take the train as far as their limited means will permit and then walk the remainder

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of the way. Many of them are desperately poor, ragged, diseased, and under-nourished.[1]

While this large movement into Manchuria has been taking place, a smaller but likewise significant migration from North China has been under way into Mongolia. Mongolia is nearly 90 per cent as large as China proper and it has only one-half of one per cent of its population. Although only the fringe is habitable for man, there is a large area there which is now only sparsely settled by Mongolians. It is estimated that the Chinese have penetrated into this region at the rate of about a mile a year for the past fifty years, and the rate has increased since the construction of the Peking Suiyuan Railway. The settlers travel up the line from Peking to Kalgan and beyond, and the Chinese officials in that region have recently been active in securing land from the Mongolian tribes for colonization purposes. Thus, there is a constant pressure all along the northern frontier line of China proper.

What are the motivating forces which have propelled this ever-increasing human stream into the fertile river valleys of China's northern dependencies? The Chinese are essentially a conservative, home-loving people. They have very little inherent urge to adventure. The graves of their ancestors hold them firmly to the lands of their birth, and their wise men have sought the most fitting phrases to express and pass on to posterity the merit of remaining quietly at home rather than to undertake the vicissitudes and uncertain rewards of adventures abroad. Thus in temperament, in religion, and even in speech, the Chinese are a stay-at-home race. Clearly there must have been some more than ordinary impetus to set this human tide in motion.

[1] According to C. Walter Young, 630,000 Chinese immigrants distributed themselves in Manchuria during the first six months of 1927, as follows:

Yalu River zone	25,000
Upper Sungari River zone	100,000
Others in South Manchuria	75,000
Taonan zone	15,000
Upper Nonni River	35,000
Chang-Chun Northern zone	35,000
Western zone, Chinese Eastern Ry.	60,000
Eastern zone, Chinese Eastern Ry.	125,000
Hulan River zone	10,000
Lower Sungari River zone	150,000
	630,000

It will be seen that more than two-thirds of all migrants settled in the northern region of Manchuria. See map.

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The greatest number of immigrants are from the Province of Shantung, one of the most densely populated regions in China. There are districts where the figures run as high as 3,000 per square mile, and this does not include urban centers. Furthermore, Shantung is not rich. The Chinese classify their provinces in three categories; rich, medium, and poor. Shantung is in the last-named class. Its soil is sandy, it is subject to frequent droughts, and, when the rainfall is unusually heavy, to floods of the Yellow River. Chihli, the native province of most of the rest of the pioneers, while having a richer soil, is also liable to drought, and floods are even more frequent in occurrence.

The drought of 1920 which caused one of the most serious famines in recent years visited both these provinces. In 1921, the Yellow River left its course and flooded a large area in the northeastern part of Shantung. In 1924, one of the worst floods in the memory of the inhabitants inundated the Chihli plains, destroying the crops over thousands of square miles and causing damage estimated at $200,000,000, Chinese currency. In 1925, the Yellow River again broke its dykes in Western Shantung, flooding more than 1,000 villages. And in 1927, there was another severe drought which affected parts of both provinces. Add to this almost continuous distress due to natural causes, the miseries of warfare, the inhuman exactions of military officials, and the feeding of large bodies of soldiery on the depleted supplies of the people, and you have the conditions which are causing the most conservative to leave their ancient homes if they can but find the funds to pay their fare or to sustain themselves during transit. They know that better conditions can be found in Manchuria. And these better conditions are made possible by the influence of Japan and her determination to preserve peace in that region. Here indeed is a striking example of the frailty of human perception, for this very policy of Japan, which is so scathingly attacked by Chinese officials and buttressed by popular support, is making possible a place of refuge for a portion of China's starving millions whose destitution has been largely caused by government disorganization and civil strife. As Mr. Nicholas Roosevelt has said in his recent book, *The Restless Pacific*, "Manchuria, thanks to the peace-enforcing control of Japan and the efficient operation of The South Manchuria Railway, has been one of the few spots in China during the last quarter-century where the Chinese have lived in safety and prosperity." During

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the early part of 1928, it was reliably estimated that ten million people were on the verge of starvation in North China. It is largely from this group that the more than two million immigrants this year have come.

The habit of going to Manchuria having been established, and the existence of better conditions of life there clearly demonstrated, it seems quite sure that the movement now under way will continue unless artificially checked. The birth rate in China is so high that more people are born than the land will support. Thus, in the long run, they must either migrate or starve; and unless prevented they can be depended upon to migrate. To be sure, the assimilation of such numbers of new settlers as are pouring into this region is not easy. It is taxing the resources not only of the government and of the railway administration, but also of private charity. Already conditions among the migrants are bad, and if the number of refugees increases there is likely to be famine at both ends of the line. This might lead to temporary obstruction at the Manchurian end.

However, China is anxious to colonize Manchuria, and it is only action on the part of Russia or Japan that would permanently impede Chinese settlement there. Russia, even if opposed to such settlement, is now in no position to exert her influence; and Japan is at present strongly in favor of it. It was Japan's original purpose to colonize Manchuria herself, and following the war with Russia she announced her intention of sending in one million colonists within ten years. Today, more than twenty-five years after she took it over, the Japanese population there is less than an eighth of this number, and only half of them are agriculturists.

Japan has been unable to induce her people to settle in an area where the standard of living is lower than at home. Japanese will go readily enough to Australia or America where the standard is higher, but competition with Chinese coolies is not so attractive. Also, no profit is to be expected through the appreciation in the value of land, for the Chinese have succeeded in preventing Japanese from leasing land outside the special areas, not only for settlement but for every other purpose. This impossibility of competition with the Chinese peasants seems to be one of the fundamental causes of the failure of Japanese settlement. But, since the future of Manchuria and incidentally of Japan is based on the exploitation of its vast resources, and

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since the Chinese have demonstrated their ability to accomplish this end, Japan seems likely to continue her present policy of encouraging the immigrants in every possible way.

Under present chaotic conditions no clear indications can be given of what the future holds in store. But it is well to bear in mind that there is a vast difference between a military and political occupation of a territory and its effective colonization. We have an excellent example of this latter in the history of the Mississippi Valley. Our pioneers had not alone the Indians to contend with; they were faced with the open opposition of France and Spain. But they prevailed. It would appear that the Chinese eventually will do likewise.

It is far from sure that the intricate problem of Manchuria can be solved by pacific means; many, indeed, feel that it is most unlikely. But the establishment of undisputed control over Manchuria by a strong and united China would remove it from the field of ambitions of other nations, and one of the chief causes of discord in the Far East would disappear. The danger is that the crash may come before China can achieve this degree of undisputed control, and that her growing strength might even precipitate it. Meanwhile the settlement of Manchuria by the race which has demonstrated its greatest fitness for the task of developing the region seems destined to continue. Every year this "sheet anchor of Chinese sovereignty" is becoming more firmly imbedded in the soil of China's richest dependency.

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THE FINANCIAL FUTURE OF MEXICO

By Franz Schneider, Jr.

THE financial situation in Mexico turns, in the last analysis, on the question of political and social stability. The country possesses excellent natural resources and an adequate supply of good labor. What it can accomplish during a period of order and tranquillity was demonstrated during the thirty-odd years of the Diaz régime. That epoch witnessed a remarkable expansion of production and the development of a comprehensive modern railroad system. During it Mexico's credit in the financial markets of the world rose from practically nothing to a rating so high that Limantour, Diaz's clever finance minister, was able in 1910 to float a 280,000,000 franc issue of 4 percent bonds in Paris at 97.625 percent. Accordingly, while details of the debt, budgetary, currency and other similar positions are of importance, and while economic trends are of much interest, the man with a financial stake in Mexico wants most to know whether the country is progressing toward conditions that make for a contented population and stability in government. Quite possibily this is the most difficult question that can be asked about Mexico, but its importance makes its consideration imperative.

Mexico has now been in touch with European civilization, in some form or other, for 411 years. The first three hundred of these were spent as a Spanish colony. During these years the natural resources were exploited. The Spaniards worked the gold and silver mines; they also developed trade in a limited way. A certain mixing of bloods occurred; Spanish was crossed with the native Indian stock, and a small amount of negro blood also was introduced. But class distinctions were sharply drawn. No real blending of races occurred; and the Spaniards administered the country in accordance with prevailing mercantilist theories for the benefit of Spain and not of the possession. Mexican trade was severely restricted and an extremely centralized form of government, in which the church was integrated, was employed to administer the country. At the end of three hundred years the standard of living of the mass of the people remained miserable, and the power of the ruling classes was resented. No progress had been made toward representative government.

Between 1810 and 1821 the yoke of Spain was cast off and

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Mexico attained independence. The low estate of the population and its long-sustained hatred of the autocracy made it quick to respond to revolutionary leadership. The ideas of the American and French revolutions probably had their influence, and the Constitution of 1824 created a representative government patterned after that of the United States. The Roman Catholic religion was given the exclusive right to exist in the country, the Church, after first opposing the revolution, having shifted ground when it saw that the Catholic party in Spain would lose control to Napoleon. Meanwhile it was this struggle in Spain that furnished the opportunity for Mexican independence.

But the country was quite unprepared for representative government. The people were poverty-stricken, ignorant and inexperienced. The Spaniard had been dislodged, but a long and troubled period of political, social and economic evolution was to follow. A series of revolutions ensued, in which adventurers and exploiters struggled with one another, and with men of principle and during which the sinister figure of Santa Anna came and went repeatedly. Texas was lost; and after that the war with the United States. Economic progress was slight. The standard of living remained low. The ruling classes continued to exploit the multitude and the multitude remained dissatisfied.

Fresh reforms were established by Juarez. His Law for the Administration of Justice took from the Army and the Church much of their political power; it ended a great deal of special privilege. Shortly after, Juarez gave the country the Constitution of 1857 which embodied similar reforms. Constitutional progress was then interrupted by the struggle over Maximillian, and his passing left the country weakened and in fresh confusion.

Porfirio Diaz next appeared as a major figure. His régime lasted from 1876 to 1910. He restored order, using an extremely centralized form of government to do so. Production of minerals increased in surprising fashion, trade multiplied rapidly and the public revenues expanded many fold. The finances were rehabilitated and the country's credit was established. But the wealth that was generated went into the hands of the few, and the mass of the people continued to live at a low standard and with a sense of exploitation. There was no progress in representative government, as the Federal Government in Mexico City extended its control to all parts of the country. When the break-up came in 1911 the country had profited from the Diaz régime to the extent of having

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acquired considerable industrial plant and a good railroad system, and therefore much additional earning power; but had gained nothing in experience with those democratic institutions that Americans associate with political stability.

In the years that elapsed between the breaking of Diaz's hold and the advent of Obregon in 1920 the country was in a state of almost constant revolution. Visionaries again struggled with adventurers, and not to their advantage, partly because of their own weakness and partly because they were unable to provide the benefits for which the masses clamored. During this period the destruction of property was tremendous; the financial and currency collapses were complete. A new Constitution, which one observer has characterized as tinged with "tragic humor" — because of its combination of high aspirations and impracticability — was devised in 1917. This constitution added to the principles of the earlier ones the doctrines of the 1910 revolution — which naturally embodied a reaction against abuses of the Diaz régime. It aimed to secure effective suffrage and the redistribution of land and to prevent the reëlection of presidents. It espoused the rights of labor and was nationalistic and anti-clerical. It stirred strong objections from foreign countries.

At first glance this summary of one hundred years of Mexican independence seems discouraging. Little progress apparently was made toward stability. Yet through all the disturbance it is possible to discover a thread of progress. Political independence was firmly established during the first fifty years; the primacy of the state as the governing force was equally secured in the second. In addition, and especially during the Diaz régime, a very considerable economic development occurred that provided a foundation for a better standard of living and for a middle class. Quite possibly the greatest contribution that now can be made to stability in Mexico is an improvement in the standard of living. The man who has nothing is a good subject for revolutionary or socialistic propaganda; the man who owns property wishes peace and order. If the redistribution of land, with all its abuses and inefficiencies, gives the peon a better and more satisfied life, it will do much to stabilize political and financial conditions.

Since the inauguration of Obregon in 1920 there is much in which to find encouragement. There has been continuity of government. Two attempted revolutions — the serious de la Huerta revolt of 1923 and the smaller Serrano-Gomez effort of October, 1927 —

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failed, and in so doing furnished a sharp contrast with what had been the usual course of Mexican events. The unfortunate controversy with the Church has at least demonstrated the government's strong hold on the country, and much progress has been made toward a settlement of the controversy itself. Thanks in no small measure to the wisdom and character of Ambassador Morrow, a marked change for the better has occurred in the country's foreign policies and foreign relations. The oil controversy has been satisfactorily disposed of, with companies representing over 90 percent of the total production accepting the basis of settlement. Meanwhile the government has persisted with constructive programs for building roads and irrigation works (financing them out of revenues) and for spreading education through the mass of the people. Much land has been redistributed, and there are signs that the condemnations of fresh lands are coming to an end — with the removal of this source of potential irritation. Expert testimony is to the effect that the standard of living has been improved and is improving. Altogether it would seem fair to conclude that stronger foundations have been laid for truly representative government and for political and social stability. Fresh disturbances may occur but the country seems to be on the right track. Even the lamentable assassination of President-Elect Obregon has furnished evidence of this fact in the high degree of poise shown by the country under the statesmanlike leadership of President Calles. Emphasis throughout the incident has been laid on recourse to the courts and to constitutional procedure. Leaders of public opinion have shown moderation and a desire to abide by the facts and the law in the matter. They have called on all elements not to give way to hasty action but to hold to and preserve the principles of the revolution.

We now come to the more intimate details of the financial situation. It is gratifying to find that the present government has achieved an efficient budget system. Steady and marked progress in the management of the Treasury's affairs has been made during the Calles administration, first under Secretary Pani and then under the present secretary, Montes de Oca. An effective Controller's office has been built up. The President himself has taken a great interest in this branch of the government and is a stickler for economy of administration. In any event, the budget for the current year was very carefully prepared with a determined effort to pare down expenditures and to force the de-

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partments to stay within their estimates and so avoid the necessity for supplementary appropriations. The estimates of revenue also were carefully and conservatively prepared.

The results for the first six months are distinctly satisfactory. On the income side the budget estimate was for 290,000,000 pesos for the year, of which 143,000,000 were to be collected during the first half year. For the six months the receipts have exceeded 153,000,000 pesos, or approximately 10,000,000 more than were budgeted for. Meanwhile it is understood that expenditures are holding within the estimates. While it would not be wise to assume that this surplus can be equalled, or even all held during the second half of the year (as there is always the possibility that some supplementary appropriations may be necessary for unforeseen contingencies) it is evident that the Treasury has acquired a high degree of control over its operations.

Examining the expenditure side of the budget, it may be said that roughly 230,000,000 out of the total of 290,000,000 pesos are for what might be called the running expense of the government. Half of the remaining 60,000,000 is on account of the public debt and the other half on account of public improvements that might be classified as capital expenditures and that might be covered, in ordinary circumstances, by the flotation of loans. In this class of expenditure the present budget includes 19,000,000 pesos for the construction of irrigation works and 9,593,000 pesos for the building of roads. To this extent the budget might be said to be more than balanced. On the other hand, it should be pointed out that compensation for the seizure of land to be redistributed has been made with national bonds and has not been budgeted for. This situation recalls the post-war system of regular and extraordinary budgets employed in France and brings to mind Poincaré's final decision that both budgets needed to be covered by revenue before a balance could be claimed. Sound practice would call for the budgeting of the probable expenditures on account of land seizures.

A very great improvement in the floating debt position of the government also can be reported. When President Calles took office late in 1924 the Treasury was confronted with a mass of unpaid bills which had accumulated, partly as a result of the attempted revolution of 1923–24. The government was heavily in debt to its employees for salaries and to many who had furnished the government with current supplies. Such a situation

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naturally weakens the prestige and efficiency of a government and, in addition, sets a bad example for private business. By the practice of economy the President was able to make great progress in reducing this debt, but the attempted revolt of October, 1927, and a great drop in oil revenues, gave the Treasury another setback. During the first six months of this year the Treasury has succeeded in paying off all the arrears of salaries and of 1927 supply bills. It is now working on supply bills in arrears for 1926 and in arrears on the 1927 foreign debt payments. The government's ability to pay salaries and supply bills promptly should add materially to the stability of the political situation.

Much progress also has been made in overhauling and modernizing the tax system. An income tax was instituted in 1924 and during the current year was estimated to produce 16,000,000 pesos, or 5½ percent of the total revenue. During the first six months it produced almost 10,000,000 pesos, or 6½ percent. So far the rates under this tax have been kept low and the effort has been to spread it out well and improve its enforcement. The expectation is that ultimately it will furnish about one-third of the government's revenues. Its development is illustrated by a jump from some 82,000 returns in 1926 to over 133,000 in 1927, and by the fact that its yield in the first half of 1928 exceeded the yields from oil taxes. Another new tax is that on the consumption of gasoline. The new taxes that have been instituted and increased revenue from certain of the older ones have been the more useful because of the great decline that has occurred in oil revenues since 1922. Partly because of the controversy between the oil companies and the government over the provisions of the Constitution of 1927 with regard to ownership of oil lands, but quite possibly even more because of economic factors such as the rapid exhaustion of flush oil production in Mexico, the necessity for operating wells at a lower rate, depression in the world oil market, a hugely increased yield in the United States, and competition with Venezuelan oil, output of crude oil in Mexico dropped from 193,000,000 barrels in 1921 to only 64,000,000 in 1927. The production and export taxes realized fell from nearly 86,000,000 pesos in 1922 to only 19,000,000 in 1927. A further decline in oil tax yield was anticipated for this year and the actual results for the first six months fell below the budget estimates. How successful have been the efforts to develop other sources of revenue may be seen from the fact that the total revenue budgeted for 1928 substan-

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tially exceeds the total receipts for 1922, the year in which oil revenues were at a maximum.

Among other examples of financial progress during the present régime may be listed the establishment of the Bank of Mexico in 1925 with an authorized capital of 100,000,000 pesos, slightly more than 62 percent of which had been paid in by the end of 1927. This institution was designed to serve as a central reserve bank and as fiscal agent for the government, much after the fashion of our own Reserve Banks. It is empowered to issue bank notes, to rediscount commercial paper, to do a general deposit and discount business and to regulate the currency and the foreign exchanges. So far, due to the general banking and financial situation in the country, the bank has been unable to attract any large volume of deposit or to secure any considerable volume of rediscount business. Nor has there been any real demand for the bank's notes, the public preferring to use the existing gold and silver currency. However, the bank has been useful in other ways, has earned fair profits, and stands ready as an instrument of great potential usefulness awaiting the return of more normal financial conditions. It is the largest bank in Mexico and its management seems to be working along rational lines. Ultimately, it doubtless will prove advantageous to make the bank more independent of the government than it is under its present charter.

Another investment made by the present régime that has not been particularly productive as yet but which is designed to meet a real need in Mexico's economic life is the National Bank of Agricultural Credit, organized in 1926 with an authorized capital of 50,000,000 pesos of which some 40 percent were subscribed at the end of 1927. This institution is designed to work with coöperative agricultural credit associations and in other ways to stimulate the development of credit resources for agriculture. The unsettled credit situation and the limited market for securities in Mexico has prevented the bank from issuing its own bonds and so from making more than a limited volume of loans. The bank, like the whole system of distributing lands, still is in a more or less experimental stage.

It may be noted also that Mexico has enjoyed a relative degree of currency stability since 1917. By that time the various paper currencies floated during the earlier years of the revolution had lost all value. Gold and silver coins again came into use, the value of the silver coins fluctuating rather markedly with respect to gold

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and the gold fluctuating in less measure but still fluctuating in its foreign value because of the government's restrictions on exports of the metal. Thus while Mexico has not had a real gold standard since the early days of the revolution, it has had during the last ten years a much better currency than many of the former European belligerents in the World War. The maximum depreciation of the gold peso during this period was about 7 percent, but during most of the time the depreciation was less than half that amount. The foreign exchange rate has fluctuated with the state of public confidence, being influenced by Mexico's foreign relations, by the church controversy, and by threats of revolutionary movements. When confidence is more fully restored there probably will be considerable Mexican capital to be repatriated.

All of these developments with regard to Mexican finance are reassuring. The government is paying its way and has been putting its financial house in order. As bearing on the prime need for rehabilitating the country's credit there remains the highly important question of the national debt. Broadly speaking, this may be considered under two headings: first, the funded debt and the arrears in interest payments upon it; and second, the claims that have been set up against the government by other governments on account of losses suffered by their nationals during the revolutionary period. The aggregate of the claims is very large — approximately a billion United States dollars. In order of magnitude the claims of the different countries are, in round numbers, as follows: United States, $855,000,000; Spain, $100,000,000; France, $30,000,000; Great Britain, $7,500,000; Germany, $3,500,000; and Belgium, $650,000. The bulk of the claims are for damages sustained since 1910. One class of these claims is for damage on account of land seized by the Mexican Government. These constitute an admitted liability; the question is as to the values involved. As already noted, it seems probable that seizures of this kind will be less numerous in the future. Some of the seized land even may be returned, with a consequent reduction in liability. What these land claims will aggregate is extremely difficult to estimate. The government authorized a 50,000,000 peso issue of Agrarian Bonds to pay for land seizures; but few of the bonds have been issued, and some authorities estimate that the total amount needed may reach 200,000,000 pesos.

With regard to claims for revolutionary damages, which perhaps amount to $400,000,000, Mexico has indicated a desire to

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meet the losses represented by part of them *ex gratia*. With regard to others the difficult question is whether foreigners were given that degree of protection from disorderly elements that would be proper under the approved practices of international law. It may be recalled in this connection that no government absolutely guarantees order within its limits, just as the United States Government never held itself liable for damage to foreigners by Indians in the west, conditions in the frontier territories being well known. Nor are governments responsible for damages done by revolutionaries when the latter have been recognized as belligerents. However, the Mexican Government was unwilling to have its revolutionaries recognized in this fashion. In the American Civil War the belligerency of the Confederacy was recognized and no damages done by it were recognized by the United States. Foreigners' claims for damages done by the Union forces amounted to $217,661,000; the awards amounted to $2,776,000. Recoveries under international claims settlements generally have been disappointing. The recovery in the 1868 settlement with Mexico amounted to $4,125,000, or 0.9 of one percent of the $470,126,000 claimed. In the present instance many of the claims undoubtedly are weak, fanciful or even duplicated. While estimates are precarious, some intelligent observers believe that the ultimate addition to Mexico's public debt on this account may amount to about 10 percent of the billion dollars now mentioned.

One great step forward in the treatment of these claims would be to substitute for the seven Claims Commissions now being conducted with foreign nations the method of direct settlement between governments similar to that made between England and the United States in the Alabama claims case. In that instance the two governments agreed on a specific sum to cover all damages. When this was paid the United States set up a claims commission of its own before which its citizens could apply for their share of the total award. Such direct settlements are advantageous to all, diminishing expense and hastening payments. As matters stand, the commissions are costing Mexico about one million pesos a year merely for expenses; the procedure is slow; and no claims can be paid until the commissions have completed their work. With the seven claims commissions laboriously plodding through with their work, examining lengthy printed briefs on each claim, it would be years — perhaps twenty years — before the matter would be wound up and before anyone could receive

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his money. The direct settlement would bring awards much sooner and would give greater assurance of having awards actually paid. It would also hasten the restoration of Mexican solvency.

Coming now to the public debt, we find that this, in contrast to the claims liability, can be defined with great precision. As of the end of 1927, it consisted of a floating debt (some of which has since been discharged) amounting to about 161,000,000 pesos, and a funded debt (including accrued interest) of some 1,091,-000,000 pesos. The total amounted to slightly more than one and a quarter billion pesos. Of the funded debt, the chief items are the principal of the Government and State Debt, 529,000,000 pesos; the principal of the Railway Debt for which the government is responsible under guarantees, 137,000,000 pesos; accrued interest of 343,000,000 pesos on the Government and State Debt; and accrued interest of 125,000,000 pesos on the Railway Debt. Against these amounts of accrued interest must be deducted 75,000,000 pesos of interest paid during the years 1923 to 1927. Following efforts made in 1918 to get all the foreign bonds and certain of the domestic bonds owned abroad under one control for purposes of negotiation, the International Committee of Bankers on Mexico was formed in 1919. Mr. Thomas W. Lamont, of J. P. Morgan & Co., acted as American chairman of this committee, which succeeded in securing the deposit of over 97 percent of the bonds outstanding, the par value being $502,000,000 (United States). The so-called Lamont-de la Huerta agreement was reached between the committee and the Obregon Government on June 16, 1922. By this accord interest in arrears was covered by receipts to be retired over a forty year period. Sinking funds were suspended for five years and a schedule of minimum payments starting with $15,000,000 in 1923 and increasing gradually to $25,000,000 in 1927 was set up. The proceeds of the oil export tax, 10 percent of the gross revenues of the National Railways, and any net operating incomes of the latter were pledged for interest payments during the period of the agreement. The railways were to be returned to private operation and script given for any current interest charges not met under the agreement. In 1928 full service of the bonds was to be resumed.

After the de la Huerta revolt it was evident that the agreement would have to be modified, and accordingly a fresh one, known as the Lamont-Pani agreement, was signed on October 23, 1925.

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Barring some delays in payments (which left certain arrears that are being cleared off this year) this agreement was carried through to the end of the five year period, when it became apparent that Mexico could not resume its full obligations under its outstanding bonds. The great and unforeseen drop in oil revenues had occurred during the life of the agreements, the loss on this account amounting to over 65,000,000 pesos a year. As Mexico had shown no inclination to repudiate its debt, and as it was apparent that any fresh agreement should be based on a common understanding of the facts, the Bondholders Committee, at the invitation of the government, early this year sent two financial and economic experts, Mr. Joseph E. Sterrett, who for two years served with Mr. S. Parker Gilbert in Germany as American member of the Transfer Committee, and Dr. Joseph S. Davis, of Leland Stanford University, to make a thorough study of the financial and economic situation. This study was carried out with the full coöperation of the Mexican authorities and a comprehensive report has been prepared which, it is hoped, will furnish the basis for an arrangement that will hasten the restoration of Mexican credit and secure the bondholders their due. Whenever a new agreement may be devised it will have at least one great advantage over its predecessors; it will not be made at the peak of a misleading boom in oil revenues and will start from a more normal base in economic activity.

To attempt to outline a new agreement or to speak definitively on Mexico's capacity to pay would be beyond the scope of this article. Certain observations in the matter may, however, be permitted. The government has various assets that might be used to lighten the debt burden. Chief of these is its controlling interest in the National Railways. As matters stand, the government is responsible for the guaranteed railway funded debt of more than 137,000,000 pesos and for an additional 125,000,000 pesos of accrued interest on these bonds. It also risks an annual deficit on account of operation of the railways. If the latter were returned to unencumbered private operation and placed on a profitable basis the government would be relieved of a heavy burden of interest charges and could also realize on a capital asset of large potential value. The railways have been brought back to a rather good physical condition, but reforms are needed in the matter of operating expenses and traffic rates.

A similar but less valuable asset is the National Telegraph

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System. This also is operated by the government, as part of the postal system, at a loss. A substantial sum might be realized by its sale to private interests, with a distinct gain in the value of the service rendered. Another valuable asset is the government's controlling interest in the Bank of Mexico. As already noted, the bank's position would be improved if its ownership were in private hands, as is the case with the central banks in the United States and England. Similar comment applies to the National Bank of Agricultural Credit. There are other assets, such as the National Navigation Lines, but these are of minor importance.

As far as Mexico's capacity to pay is concerned, it seems probable that something like the present level of revenues (290,000,000 pesos a year) is a reasonable basis from which to start. Revenues of about 320,000,000 pesos were obtained in 1925 and 1926, but the larger amounts were due partially to the bigger returns from oil and partly to a general wave of prosperity. On the other hand, the present level represents a recession in business due in part to such factors as the period of strained relations with the United States, and the controversies over oil and religion. Through the admirable efforts of Ambassador Morrow and the whole-hearted coöperation of President Calles relations with the United States have become cordial and the oil controversy has been disposed of. There also are grounds for hoping that reasonable views on the religious controversy may prevail. Both psychologically and materially there is basis for believing that Mexican business should improve. Possibly the kind of a debt settlement that should be made would be one that would not burden Mexico unduly during the period of recuperation but that would assure the bondholders a proper participation in any new-found prosperity. In the future it might be wise to budget conservatively on oil revenues and to regard them somewhat as windfalls to be applied against expenditures on capital account. It also would seem wise for the Mexican Government to re-appraise the emphasis given to capital expenditures for such projects as irrigation and roads, on the one hand, and to expenditures for the restoration of the public credit on the other. The first class of expenditures are useful and desirable as laying foundations for greater economic activity and as satisfying the aspirations of the people; the benefits that flow from a reëstablishment of the public credit are, however, manifold and important. Quite possibly the stimulating flow of money back into agriculture and business

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under the influence of restored public credit would bring the quickest improvement in the standard of living. Still looking at the expenditure side of the budget, one sees that nearly 100,000,000 pesos are allotted to the army and navy and the provision of ordnance. President Calles has publicly advocated a gradual reduction in the size of the army. An increase in public stability that would permit the carrying out of this program obviously would release important amounts of money to be applied to other purposes. Everything considered, the position with regard to government revenues is, granted tranquillity, encouraging.

With regard to the greater question of political and social stability, the record indicates that Mexico is in a better fundamental condition than at any previous stage of its history. Since the establishment of independence the instruments of representative government have been developed, liberal principles have been established and, during the past year, a reaction has set in from the excessive enthusiasms of the revolution of 1910. The surviving leaders of that revolution have acquired enough experience to take a practical view of economic and allied matters; and a great improvement has occurred in the quality of the civil service — as witness the excellent budgetary practice of the Treasury. The development of skilled labor and of a commercial class, which received a stimulus during the Diaz prosperity, is continuing. Education is being spread on an increasing scale, newspapers and other means of public communication have been multiplying, and the country is becoming acquainted with a higher standard of living as represented by American automobiles and other similar products. The way has been opened for a wider distribution of wealth, and all that seems needed to increase the supply of wealth materially is a period of order and tranquillity. The record of the past hundred years naturally suggests caution with regard to short-range prophecy, and the assassination of Obregon assuredly has complicated the immediate situation badly. However, evolutionary processes have been at work, and if the difficulty of establishing the presidential succession this year is solved satisfactorily, the process of evolution should continue in a normal way. In that event, and always bearing in mind the necessity of being patient and not expecting too great immediate results, the economic and financial progress of Mexico should be such as to satisfy the just dues of the bondholders and the aspirations of the country.

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THE RED ARMY

By General Yuri Danilov

TWO preliminary observations are necessary to this study of the armed forces of the Union of Socialist Soviet Republics. First of all, one must bear in mind that statistics prepared in Soviet Russia are often unreliable and even dishonest. Bolsheviks themselves make sarcastic comments on this fact. The Soviet authorities do not think of statistical data as the basis for scientific deductions, but as something to be arranged so as to serve special propaganda ends. Only by analyzing statistics, comparing them with each other, and then modifying them in view of the special conditions which exist in Russia and in view of what we knew about former conditions in the old Russia, can one form a true picture.

The second observation to be made is that one must drop for the time being the conception of Law which is natural to every citizen of a legally constituted State. It must be remembered that the Soviet is a revolutionary régime whose inevitable companions are administrative arbitrariness and general lawlessness of life. For all their impressive wording, the articles of the many codes and statutes often remain a dead letter, either on account of the difficulty of executing their provisions or because of the resistance of local authorities. In any case, between the date of the promulgation of a law and its practical and integral application a long period usually elapses. All this is particularly true in the case of the laws which attempt to regulate a citizen's military obligation to the State over a period of years.

The fundamental Soviet law which regulates the discharge of military obligations is the Law on Compulsory Military Service of September 18, 1925. According to it, the armed forces of the Soviet Union are defined as "The Workmen's and Peasants' Red Army." This title has a strange sound. On the one hand, the law establishes the compulsory character of military service, which is understood throughout the world as including all citizens of a country; on the other hand, it introduces into its definition a restricted conception which clearly indicates the class character of the army. The latter point is emphasized by the declaration that the Red Army is an organization of the armed forces of the *laboring* classes. This is more than a contradiction of words. The

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principle of compulsory service is really used in the law in its widest sense, as conscription in the Soviet Union applies even to women. It is true that in peace time the principle of voluntary service applies to them, but in time of war the law establishes the *right* to call women for the discharge of certain special duties.

The class character which is an integral part of the Red Army organization appears, moreover, in the fact that the obligation of personal active service applies only to the laboring classes. Citizens lacking this qualification are deprived of their — one might say — natural right to defend their country in case of an external menace. Indeed, according to the present law, the so-called non-laboring elements, which include *inter alia* all those who have been deprived of electoral or civil rights on the ground of a legal sentence or who have been deported by an administrative order, cannot serve in the army. In time of peace these persons pay a certain tax; in war time they can serve only in the rear ranks.

When one takes into account all the difficulties with which the Soviet Union surrounds the right of franchise and how carefully it removes from the elections all elements tainted with the slightest suspicion of counter-revolutionary ideas, one is justified in concluding that the régime aims to mould the Red Army not merely into a class organization but into an armed force destined to protect the interests of the Communist Party, and more particularly the interests of that section of the Party which has concentrated the supreme control in its hands.[1] According to the letter of the law, even prominent members of the Communist Party who have gone over to the Opposition are disqualified for military service. For instance, Trotsky, who was not so long ago the Commissar for War, would have been formally deprived of the right to serve in the army if he had not already passed the military age limit; and the same fate would have befallen ex-Comrades Zinoviev, Kamenev, Radek and their associates if they had not hastened to make amends to the ruling group of the Party. Thus the Soviet shows its open distrust of a certain category of persons and, by shutting them out of active army service, contravenes the principle of the general application of conscriptive military service.

In examining the organization of the Red Army we find a number of deviations from generally accepted principles regarding

[1] On January 1, 1926, the Communist Party consisted of 620,000 members and 437,000 considered as eligible candidates.

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the organization of modern armies. They result from the clash of two opposing factors, both of which have a strong influence on Soviet military legislation. On the one hand, the old officers of the former army who had gone through the mill of the World War and who by force of circumstances had come to look upon the Red Army as the only power capable of safeguarding their country's interests, tried to give to the organization of that army the sum total of their experience. They had learnt that success in a great modern war can be had only on condition that all the active forces of the nation are required to take up arms and are made to put forth their maximum effort. During the last war Germany and France each had to mobilize twenty percent of its total population, which was tantamount to putting into uniform the entire physically fit male population of working age. It is evident that the successful realization of such an effort, especially with the present complicated machinery of military art, demands the preliminary instruction of every man fit to bear arms.

But in the formation of the Red Army the dominant organs of the Communist Party brought other considerations into play also. The Political Bureau of the Party issued instructions to the Moscow Government urging it to adapt the organization of the troops to the special objectives of the Party, which meant that military contingents should be recruited only from among elements devoted to the Communist régime. The Soviet therefore first established the Red Guards, which were composed principally of workmen who had been well schooled by propaganda — the "Vanguards of the Revolution." Later, when the number of troops had to be increased owing to the civil war, the detachments of the Red Army were formed. But wherever possible elements of the Opposition were kept out of its ranks.

This dualism of purpose is the outstanding feature of the Red Army; it can be detected in every relevant military regulation. At the base of the organization are the generally accepted principles established by experience in the late war. But the structure is warped by the preposterous tendency, first to deprive the army of its national character, and then not even to let it have a class character, but to build it up along narrow Party lines.

According to the census of December, 1926, the total population of the U. S. S. R. was 147,000,000. The number of men in active service in the Red Army was 562,000. Consequently, the armed forces of the Soviet Union on a peace footing represent 0.4

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percent of the total population. Compared with the United States, where the armed forces represent only 0.1 percent, the Soviet military effort under peace conditions appears very great. But we must take into account the exceptionally advantageous conditions in which the countries of the two American continents in general, and the United States in particular, find themselves. Unfortunately, the position of the countries in Europe is very different. With the menace of sudden aggression constantly before their eyes, they feel compelled to safeguard their territorial security chiefly by the maintenance of armed forces in a continual state of efficiency and preparedness. For them the army in time of peace is not only a school of military training for the rising generation and a skeleton formation for eventual war time organization, but it is also the chosen instrument for watching over and giving security to the frontier zones. Moreover, not merely have improved methods of mobilization and the development of military technique not lessened the possibility of a sudden attack on a peaceful country, but, on the contrary, they have increased it. Nor must it be forgotten that aerial and chemical warfare may mortally injure a country within a few hours.

This necessity of being constantly on the alert is the main reason why European countries, while trying to lighten the military burden by reducing the time of service, do not dare take the risk of adopting the territorial army system. The frontier between the United States and Canada runs nearly 4,000 miles; along this whole distance one finds hardly a soldier, only customs or police guards. But look at the situation on our side of the Atlantic — for example, at the middle Rhine as it appeared not so very long ago: along every one of those few hundred kilometres ran an almost uninterrupted fence spiked with bayonets. Locarno mitigated this condition, but only to a certain degree. Here we see the full significance of security as the dominating factor in the problem of armaments.

Studying the situation of Russia from this point of view, we see that she has a common frontier with twelve different States, and we find that the forces of merely the six States which border upon her western frontier amount to the imposing figure of 520,000 men. In proportion to the number of inhabitants, these armies represent one percent of the total population of these six countries. When, furthermore, we bear in mind that before the war Russia found it necessary to maintain in peace time an army

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of 1,300,000 men, and that this represented 0.8 percent of the country's total population, we must admit in fairness that the number of the armed forces of the Soviet Union cannot be considered excessive and that, on the whole, it is not superior to the military strength which any other country in Europe would require under similar conditions.

But, while arriving at this conclusion, we must also admit that no other Russian Government of recent times has equalled the warlike aggressiveness of the present international Government of the Bolsheviks. The war-cries they sent up over a misunderstanding which they had with Great Britain are still fresh in our ears. All over the country "Defense Weeks" were arranged and subscriptions were opened to a special fund called "Our Reply to Chamberlain." Only recently, too, according to Berlin reports, one of the prominent chieftains of the Red Army, Tukhachevski, has again taken up in his speeches the subject of a possible war between the Soviet Union and the so-called capitalist States. The World War, he points out, demonstrated the fact that to gain a complete victory it is essential not only to crush the military forces of the enemy but at the same time to weaken, and if possible destroy, his economic resources and social organization. He thinks the preparation of the last part of this program can be begun while peace still reigns, and he recommends the strengthening of Communist propaganda and the sowing of dissension between the different bourgeois countries.

Granted that aggressive action in the strict sense of the word cannot be risked by the Bolsheviks, for the simple reason that the Russian people will never sacrifice their lives and blood in behalf of ideas which they execrate, it nevertheless seems clear that the Bolsheviks (at their own peril) actually are already making aggressive war against the so-called capitalist countries. Espionage, world-wide support of political strikes, systematic attempts to disintegrate foreign troops by the propaganda of utopian ideas — and this even in countries which have not yet grown up to the use of the most elementary gifts of civilization — all these activities are nothing else but methods of warfare, underground but none the less aggressive. A war by *inversion*, one might say.

In view of these activities, the proposal of complete disarmament made by the Soviet delegation at the Preparatory Disarmament Conference in Geneva was pure hypocrisy. It also had a demagogic purpose. The agents of the Third International saw

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the opportunity of using the tribune of the League of Nations for astute propaganda which would be flashed over the whole world. Little they cared that their proposal was not realizable. It is not reality that counts with them, but only demagogy.

But let us return to a closer study of the subject of this article. Before long it was conclusively proved to the Soviet authorities that the principle of universal compulsory military service could not be carried out by maintaining only a standing army, for the two-year term of active service in the ranks which had to be adopted on account of the low educational average in Russia restricts the number of men that can be passed through the standing army and considered as thoroughly trained. Accordingly a law adopted in 1925 provided for the organization of supplementary territorial troops whose time of service is much shorter. Of course, the military preparation which these young men receive is very incomplete. The number of persons annually reaching military age is so great that the standing army and the territorial troops cannot make room for all the young men who pass the physical test; hence, the above-mentioned law provides a scheme of compulsory extra-military training for the recruits who are not accepted for active service. Allotment to one category or the other is determined by the conscript's physical fitness, by his domestic status, and by lot.

Such are the general lines on which universal military instruction is regulated in Soviet Russia — on paper. In practice the scheme works somewhat differently. In the Soviet press one finds authoritative statements to the effect that actually less than fifty percent of the young men who come of military age each year receive any military training at all. This state of affairs would naturally complicate the problem of mobilization and of bringing units up to full strength in time of war.

In the old days in Russia certain whole national groups were exempted from compulsory military service, either for political reasons (for instance, the inhabitants of Finland and some of the peoples in the Caucasus and Turkestan), or for considerations connected with the colonization of sparsely settled regions, or on account of the low cultural level of the populations in some of the border lands. It was estimated that those thus exempted constituted from ten to eleven percent of the total population of Russia. At the same time, it should be pointed out that such legal exemptions from compulsory military service were no bar against the

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enlistment in the army of individual members of the exempted groups, nor against their occupying posts of command and responsibility. It is fair to say, then, that the military laws of the Russian Empire granted an optional exemption to certain sections of the population, while in the Soviet Union they set up a discrimination against a section of the Russian people.

In this connection it may be remarked that the inhabitants of the Cossack military provinces now perform military service on an equal basis with the rest of the population of Soviet Russia; formerly much heavier military obligations were imposed on the Cossacks than on other Russian subjects. In this respect the present law does in theory establish a new standard of equality.

Everybody knows that the commanding staff of an army is its motive power and that the stronger the community of purpose among the officers, the more potent their influence over the soldiers. The significance of this axiom was promptly grasped by the Bolsheviks, who began in every way possible to proletarize and later Communize the officers's corps, a remnant of former régimes. At first the Bolshevik rulers were on the horns of a dilemma. On the one hand, they could not count on the faithful devotion of the old officers, imbued as they were with patriotic feelings; on the other hand, they could not dispense with their services. They solved the problem by forcibly retaining these officers in active service but restricting them to the simple rôle of technical advisers (*spetses*); they deliberately undermined the moral authority of such officers by destroying all vestiges of former hierarchical divisions and discipline. In so doing they of course exploited political class antagonism by accusing the old officers of reactionary and anti-democratic tendencies, regardless of the fact that the commanding staff of the former Russian army, except for a few privileged units, was drawn from all classes and conditions of society and was never distinguished by exclusiveness. This accomplished, the Soviet authorities set themselves with vigor to the creation of a new commanding staff devoted to Bolshevik rule; at first they built it up on class lines, later on narrow Party lines.

The policy of the Soviet in this domain is well illustrated by the composition of the graduating classes in the so-called normal schools of the Red Army, which are the reservoir from which the commanding staff are recruited. Take, for instance, the figures for 1925. The class which graduated that year was composed as

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follows: 53 percent of peasant origin, 38 percent from the workmen class, and 9 percent from other classes of the population. These figures are eloquent; they show the preference given to candidates from the workmen class to the prejudice of candidates from the peasantry, which, as is well known, constitutes the overwhelming majority of the Russian population: at the highest estimate, the proportion of workmen in the total population does not exceed 15 percent.

This proves that from the Bolshevik viewpoint a Red Commander from the workmen class is preferable to a Red Commander from the peasantry. But the Soviet wants not only a proletarian commanding staff but, as far as possible, one giving unhesitating allegiance to the Party. Accordingly, the classes which graduated from the normal schools in 1925 were of the following composition: 47 percent were Communists or candidates of the Party, 29 percent were Komsomols (Communist youths) and only 24 percent were independents (partyless).[2]

Comparing these figures with those of preceding years, we see that the percentage of Communists among the graduates rises from year to year. As a result, the increase in the number of Communists in the commanding staff is more pronounced than in the ranks. According to the All-Federal Census, the number of Party members and candidates and of Komsomol members in the army at the end of 1926 was as follows: 30 percent[3] in the ranks and over 50 percent in the commanding staff. In one way this increase in the number of Communists in the army is deceptive; it is not due to the gradual infiltration of Communist ideas among the masses of the population, but is explained by the great advantages accruing to those who have joined the Party as against those who remain outside. These newly-baked Communists naturally lack the old revolutionary enthusiasm. Not without reason do the pure Communists proceed from time to time to an energetic combing out of what they call parasytic elements. None the less, the Bolsheviks themselves complain that the Communist Party is gradually degenerating, that it has already to some extent been "de-proletarized."

Concurrently with the increase in the number of Red Commanders, the *spetses* are being gradually pushed out. Either they

[2] We may recall here that in Soviet Russia the Communist Party is the only authorized party. Persons who are not members of the Party or listed as candidates for admission to the Party or who do not belong to the Komsomol (Communist youths) are considered as partyless.

[3] According to the other sources, this figure appears greatly exaggerated.

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are made to leave the army, or they are transferred to administrative offices or to positions in the rear. As three-quarters of the present commanding staff belong to the new generations which have gone through the Red Army schools, not more than one-quarter of the commissioned officers now are *spetses*.

What is the price which is being paid for these efforts, first at the "proletarization" of the commanding staff of the Red Army and subsequently at its "Communization?" It is the indisputable decline of the intellectual level and technical experience of the men who are chosen to lead and direct the armies in time of war. Moreover, this is being done at a time when the military art has developed with unprecedented rapidity and has made war a mechanical duel that requires the most expert and technical knowledge. To illustrate the intellectual qualifications of the Red Commanders, let me cite the examinations for admission to the normal schools, where the course of studies is from three to four years. The requirements are most elementary — ability to read fluently and to express one's thoughts in writing; a knowledge of the four rules of arithmetic; and some notion of simple and decimal fractions. That is practically all. Out of 164 persons who were admitted in 1925 to the Military Academy in Moscow, the highest military school in the Soviet Union, 60 percent had an elementary education and the rest had only finished a secondary school; only one had an academic education. Nearly 50 percent of them were from the working class; less than thirty persons were partyless; all the others were members or candidates of the Communist Party. Adherence to the Party ticket compensates for all deficiencies. To see this, it is only necessary to study the biographies of the majority of the principal Red Army leaders, beginning with Voroshilov, the head of the Army, a former workman whose education consisted of two years in a rural school.

In order to make sure that the Red Army is true to its tenets, the Soviet has invented a compact and disciplined Party apparatus, the members of which operate upon the politically unorganized mass of the soldiers and at the same time jealously control and watch each other. The argus-eye of the G. P. U. in turn supervises the whole machinery of the Communist organization, spreading its web of agents over the whole country and over every field of activity.

To begin with, two rules are observed in the recruitment of the Red Army. First, for the sake of "proletarization," every unit

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must contain a certain percentage of workmen, and, for the sake of "Communization," a certain percentage of Party members. This percentage varies, depending upon the category of the unit and the arms used. For instance, the troops serving the immediate purposes of the G. P. U. must contain at least 20 percent of Communists. Moreover, these units, which are garrisoned in all parts of the Soviet Union, are recruited with special care, preferably from among volunteers.

In every military detachment the Party elements elect their organizations, such as regimental bureaus and company "cells," which are charged among other things with watching the political tendencies of the detachment. Apart from this, every detachment has its political club, to which are attached one or two teachers of general subjects, whose chief task nevertheless is to give instruction in the *Political Grammar*, in other words, to permeate the minds of the men with Communist ideas. Moreover, a special military Commissar is attached to every regimental commander, and revolutionary military councils assist the Commissar for War and the Commanders-in-Chief of the military circuits into which the Soviet Union is divided. In the military divisions below the regimental unit, the post of *politruk* (political director) has been created. While the Commissars watch over the activities of the higher ranking officers, the *politruks* supervise the political education of the men in the units under their care.

Only by closely following Soviet military literature can one understand the intricate character of the duties assigned to the above-named political organs and get an inkling of the high hopes which the Bolsheviks place on their activities. One of the best Soviet military journals, *Voennyi Vestnik* (*The Military Messenger*), edited by the most prominent Soviet devotees of military science, gives half its space to explaining the significance and value of Party work in the army. At the same time, we catch in this literature a note of complaint over the scant success of efforts to influence the rank and file, who in political matters are far removed from those who are continually importuning them.

The apparent success which attended the weeding out of old army officers from the commanding staff, and the development of the process of "Communizing" the army, made the military leaders in 1925 recommend the reëstablishment of the authority of the regular commanders, by suppressing gradually the military Commissars and restoring to the commanders complete control

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over the ranks, the administration and the commissariat. As a result of this reform, the authority of the regular military commanders is beginning to reassert itself and discipline is increasing. Whether the Communist Party will benefit by this development is a matter open to discussion; but certainly the Army, as regards internal service relations, is becoming more normal. The functions of the *politruks*, however, have not been abolished, though according to latest reports the Party nucleus in each unit has shrunk considerably.

When we look over the military rules and regulations now in force in the Red Army we easily trace in them the influence of German theories which require troops to attack regardless of the deadliness of modern fire. A striking divergence from the German theory, however, is the distrust with which the Bolsheviks seem to regard the rank and file, and even, until very recently, the commanding staff, notwithstanding the apparent "Communization" of the latter. Signs of this are the cumbersome Party apparatus in the army, even in time of war; the continuous holding of meetings before an action; in times of rest, endless meetings for the purpose of political drill; and the consequent deterioration of the regular military commander's authority, which is submerged, moreover, in a flood of instructions and directions from superior quarters. Very telling, too, is the constant fear lest the soldiers escape from the tutelage of Soviet political organs, as clearly reflected in the section of the Military Rules and Regulations which prescribes that troops shall be held in mass formations during a battle regardless of the resulting greater exposure to enemy fire. All these rules tend to make the army slow in action and deprive it of the suppleness so essential in tactics of attack.

In the organization of military industries we perceive the influence of the *spetses*. The World War strikingly demonstrated to us the truth that success in an armed conflict can only be attained by straining to the utmost not only the active forces of the nation, but also all its material resources. The time when wars were won solely by armies is gone. Under present conditions the country's whole economic life must be dedicated to the prosecution of a war, hence it must be prepared in advance so as to be easily and quickly adjusted to the necessities of war time. No country can in peace time develop its war industries or accumulate war material to the extent required for the purposes of a war. Not only do financial considerations forbid, but also the necessity

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of a constant re-modeling of armament stocks. In other words, an armed conflict unavoidably entails the mobilization of industries for the supplementary manufacture of war material.

With a view to coördinating the economic organism of peace and war the Council of Labor and Defense, which is one of the government organs of the Soviet Union, functions in peace time under the presidency of Rykov, the Chief of the Bolshevik Government. This Council drafts the orders and instructions to the Superior National Council, which in turn controls the administration of war industries; the latter, like all other branches of industry, are monopolized by the State. The precarious position of Soviet industries in general is a matter of common knowledge. The recent court proceedings in the Shakhta affair have thrown new light on the glaring abuses of Bolshevik economic mismanagement. Though war industries enjoy special protection, the results in this domain are nevertheless far from satisfactory. At least the head of the Red Army, Voroshilov, in one of his Jubilee speeches on the occasion of the anniversary of the Red Army in 1926 complained in very forceful terms that the production of war industries was below the standard and that the finished material of these industries was of low quality.

The foreign press speaks often of the intensive work of the Soviets in the domain of "Avio-Chemistry," but it is very difficult to give a reasoned opinion of the probable results of this work. In every country the preparation of chemical war is wrapped in deep mystery. On the other hand, the preparedness of a country for aerial warfare may be measured to a certain extent by the development of its peace time aviation, and by the adaptability of its industrial plant in war time to rapid construction of a sufficient number of aircraft; for these, as is known, wear out very quickly and soon become obsolete. From neither viewpoint can the progress of aviation in the Soviet Union be given a particularly good rating. None the less, the slogan of the development of Avio-Chemistry furnishes the Soviets with an excellent instrument of propaganda, both at home and abroad.

An interesting event has been the creation of the powerful society *Aviakhim*, which under the pretext of defending the country from a supposed menace really aims to cultivate distrust and enmity towards the capitalist states. Recent legislation has commissioned the *Aviakhim* and its sister organization, the Society for Military Research, to effect the militarization of the

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whole civil population and prepare it morally and physically against a supposedly impending war. But as it is obviously impossible to make a population which is not Communist anxious to raise the sword in behalf of the ideals of the Third International, the Bolsheviks are compelled to trim their sails. They veil their real aims and confine their military preparations to the incitement of suspicion and hatred of foreign countries. These were the methods followed by the agents of the Third International in Turkey and China. They seem even less likely to succeed in Russia than in most countries. On the contrary, every sign in Russia points to the steady growth of a healthy national consciousness and self-reliance.

What can we set down, in conclusion, as a responsible opinion regarding the real military strength of Soviet Russia? Is there any justification for expecting any aggressive action on her part? I believe that it is possible to give a fairly precise answer.

Russia, judging by the character of the bulk of its population, is a profoundly peaceful country. It is essentially agricultural, the industrial labor problem not yet having become acute. For another thing, it is inclined less than almost any other country to be carried away by enthusiasm for extreme social movements; no one who knows the country can visualize its people in the forefront of the forces which are fighting modern organization and civilization. The protagonists of the Third International have succeeded in subjugating the Russian people solely because of their extreme war-weariness and their dissatisfaction over internal conditions. All the efforts of the Communist Party to implant Communism in Russia have been, and still are, unsuccessful. For this reason, all the efforts of the Bolsheviks to "Communize" the Army, which consists of the very life-elements of the people, are doomed to failure. Held as it is in rigid Party clutches, the Army can only display its true nature sporadically. But this silence does not signify that the army can be mobilized for the purpose of imposing on others ideas which are alien to its own mind and instinct. Even in the commanding staff, which is so carefully sifted, there are many officers with an outer veneer of faithfulness to the present despotic power, but who cannot resist occasional gusts of passionate love for Russia, of craving to serve her with all their soul and being. If one reads carefully the letter of a Red officer which was published outside of Russia in the periodical *Bor'ba za Rossiu*, under the title "From Over There," it is obvious that the presence of such officers in the Red Army

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is bound to communicate to the younger generation of soldiers the principles of a vigorous national consciousness. Their forced silence meantime is what the French call "*le silence qui parle.*"

We may conclude, then, that aggressive military action by Russia at the instigation of the Third International is unthinkable. A war for such purposes would find no echo in the hearts of the Russian people, nor, in consequence, in the Red Army. The Bolsheviks realize their false position in Russia; they know that not only an aggressive war, but an ordinary mobilization, would very likely sound the death knell of their régime.

Hence it is out of the question that the Bolshevik Government, which is intrinsically an organ of the Comintern, will in furtherance of its external aggressive policy go beyond empty intimidation and efforts to incite internal quarrels in the countries which it still considers as hopeful centres for starting a world conflagration. After the definitive disappearance of all prospects for a world revolution, the force which at present holds sway in Moscow will have only two possible choices — to collapse and vanish to its former underground hiding places, after "slamming the door behind it," to use Trotsky's expression — or else to content itself with the rôle of an ordinary political party submitting to the laws of a constitutional State.

But in attempting to estimate the proper value of the Red Army, we must not lose sight of another set of circumstances in which its strength would be entirely different. I have mentioned already the awakening in the Russian people of vigorous national aspirations, which seem destined to grow quite independently of the character of the central government. This development has to be taken into careful account. Any attempt to violate Russia's present boundaries or limit its independence might well rouse feelings of national indignation and provoke a tremendous revulsion. What repercussions this might have on the position of the present régime is a question by itself. Certain it is, however, that the Red Army would increase its strength tenfold. There cannot be the slightest doubt that the Red Army would in these circumstances throw off the net which has been woven across its surface and that it would stand up for the defense of the territory of the Fatherland as a true Russian National Army.

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AFGHANISTAN LOOKS ABROAD

By Count Joseph Potocki

HISTORY teaches us that the safety of India always has depended to a large extent on the political development and status of the territory north of the Kyber Pass. When Alexander the Great was preparing the most remarkable of his military achievements, the conquest of India, he thoroughly understood that Afghanistan must serve as a base for his army and be the starting point of his campaign. It took him nearly two years to take and fortify the passes of the Hindu Kush Mountains, and to build on their southern side another Alexandria. From there, in 325 B.C., he began his famous march towards Kabul and the range of mountains which separates the Afghan territory from India. The remains of Alexander's Walls, towering to this day over Kabul, are a symbol of the military genius of that ruler and of the care with which he prepared a strong outpost for launching further invasions.

Another example of the rôle of Afghanistan in Indian history can be found by turning to the period of the Mogul Dynasty. Babar, the First of the Moguls, grandfather of the great Akbar and himself grandson of Tamerlane, came from the distant plains of Samarkand. But he, too, found that the way to his objective led through Afghan territory, which was deemed by him as well as his successors to be "the bastion of the Indian Empire."

It therefore is not surprising that ever since the conquest of Turkestan by Russia, and the extension of the Russian frontiers up to the Oxus River and across the Pamirs almost to Tibet, the Afghan problem has been the most important and often the most acute of all the factors in Russo-British relations. The activity of Russia in this sphere was surprising for a country itself comparatively undeveloped. Railways were built to the very Afghan border and plans were made by General Annenkoff, the famous Russian engineer, to connect Europe with the Indian frontier by rail via Herat and Kandahar. Great Britain was able to thwart the realization of these plans, however, as she enjoyed a dominant political influence in Afghanistan after the reign of Abdur Rahman. Her supremacy lasted through the first years of the World War. It was only about 1917 that domestic opposition to the policies of Ameer Habibullah began to develop actively.

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Simultaneously, foreign influences hostile to British interests made themselves felt, despite the enormous difficulty of access to the Afghan frontier, whether across revolutionized Turkestan or through the strip of Chinese territory near the Pamir Mountains.

Things came to a head at the beginning of 1919, when Habibullah was killed in his residence at Jalalabad by the hand of an unknown assassin. His son Amanullah, the present king, lost no time in taking the power into his hands. Having the full support of the army, he had no difficulty in maintaining order. His first action was momentous. He declared publicly that he would not rest until his country was completely independent, thus repudiating the British protectorate which had been accepted by his father and grandfather. A short campaign ensued, but the British soon perceived that the young ruler meant very seriously what he had proclaimed and that it would probably be better to have an independent neighbor than a hostile vassal. After some months of hostilities an armistice was signed at Raval Pindi, and by the year 1921 the political independence of Afghanistan was recognized and confirmed by regular treaties with Great Britain and Russia. These were followed by political treaties with the two countries whose tendencies and aspirations are most similar to those of Afghanistan, i.e., with Persia and Turkey. The first two treaties were formal acts made necessary by the restitution of complete freedom to Afghanistan during the closing phase of the World War. But the other two, with Persia and Turkey, indicated that a new line of foreign policy had been inaugurated, aiming on the one hand toward bringing the country out of its erstwhile compulsory isolation, and on the other hand toward strengthening its position by the establishment of closer relations with the outside Mohammedan world.

Amanullah's action was at once simple and logical. He developed it steadily by concluding a number of additional foreign treaties, as an outcome of which diplomatic relations were established between Afghanistan and the more important European countries. At the present time the Union of Socialist Soviet Republics, Great Britain, Germany, Italy, France, Turkey and Persia are permanently represented at Kabul; while other countries, such as Belgium and Poland, although without permanent legations, nevertheless maintain regular diplomatic relations and possess treaties of amity with Afghanistan. It is safe to say that the present international significance of that country is such

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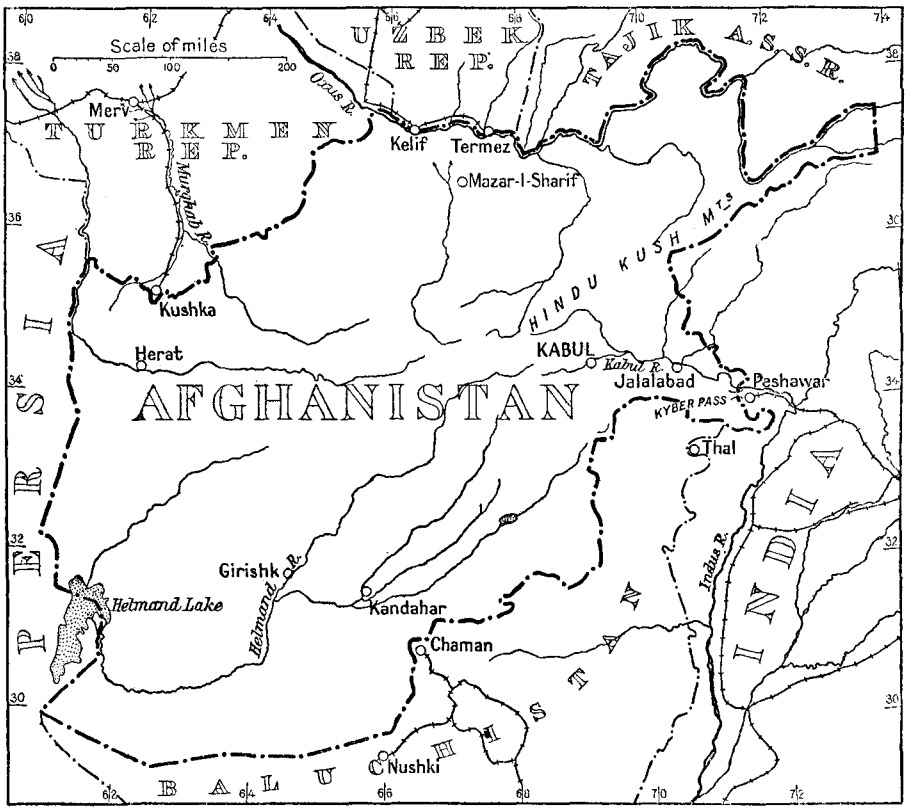
that the raising of its political prestige abroad and the establishment of diplomatic relations with European Powers are among the least of the king's worries. Surely he is well aware of the interest taken in his country by all those concerned in the progress of the contest waged between the power which is centered at Moscow and that represented by the British Empire.

Great Britain's desire had always been to maintain Afghanistan



as a buffer state, under its sole influence and in the greatest possible degree of inaccessibility. A necessary part of this policy was to supply the Ameer's government with such military and technical equipment as would enable him successfully to counteract any hostile moves on the part of his northern neighbors. Of course, Britain's rôle would have been played equally well by Russia had she been able to place her candidate at the head of the country and keep him there, but this was practically impossible, owing to Kabul's proximity to the Indian frontier and to British

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regular troops. In a totally wild country, where the population lacked cohesion and were imbued with purely local patriotism, the Ameers in recent years maintained their power and prestige thanks principally to foreign material and technical support.

Amanullah conceived and undertook to carry out the bold idea of transforming the whole status of Afghanistan. He determined to draw from inside the country itself the strength and resources necessary to develop and defend it. His internal reforms thus constitute the most important as well as the most difficult part of his activity.

In the province of military preparedness, Amanullah's principal efforts are being given towards training native Afghans in European military academies. In addition, there exists in Kabul a military school with a teaching staff partly composed of foreign officers. In general, one gets the impression that in a few years Afghanistan will possess an initial complement of officers sufficiently trained to organize a regular army in the European sense of the word. The present transition period, however, offers some ground for misgivings, mainly because the foreign military assistance appears to be too one-sided. It is very striking, for instance, that the army air force — a relatively small yet extremely important branch, on account of the almost total absence of even such basic means of communication as roads — is centered wholly in the hands of Soviet officers. Moreover, it is reported that Soviet Russia is at present organizing commercial air lines which will connect Kabul with Tashkent and with European Russia. This activity is significant.

In other branches of state administration the government is busy introducing certain reforms which, while tending to foster the economic development of the country, will at the same time avoid arousing discontent among the people. The highly developed religious conscience of the inhabitants, often bordering on fanaticism, abhors innovations. The attitude of the people in this respect is well illustrated by the fact that when I was in Kabul in 1927, the Djirga, as the national assembly is called, speculated as to whether or not the functions of a bank of issue conflicted with the principles of the Koran. Upon the decision then taken hung the fate of an important reform; so far as I know, the plan, though settled in principle affirmatively, has not yet been put into execution.

Amanullah's desire to re-mould his country along European

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lines is again evidenced in the work now going forward for the erection of a new capital near primitive, picturesque Kabul. The plans were drafted by M. Godard, a Frenchman who was for some time a member of a French archaeological mission in Afghanistan, but the task of carrying them out has been entrusted to German engineers. The roads leading to the new city, called Darel-Aman, are partly finished and a certain number of smaller villas are ready for occupancy or nearing completion. The larger buildings, although in a fairly advanced stage, still require some little time before being habitable. The execution of these contracts obviously meets with unusual difficulties, as there are no means of communication other than camels and, on rare occasions, motor cars. The various supplies are either imported from Germany direct or are purchased through the intermediary of a small German-Afghan trading company located at Kabul. But apart from these special activities the country for the time being has neither sufficient funds nor adequate means of communication to be attractive commercially.

In speaking of the reforms instituted by Amanullah we must not overlook the great efforts that are being given toward the development of education. Thanks to the schools established by the Ameer in Kabul, Jalalabad and Kandahar, in each of which there is a small foreign teaching staff, principally French and German, a generation of different Afghans will soon be growing up. Though perhaps less picturesque than the present mountain folk, they will certainly be more fit to help along the development of their country on the lines foreseen by the small group of patriots headed by Amanullah.

We would seem justified in inferring, then, that under its present leadership Afghanistan is well on the way towards attaining its ancient historical importance and towards complete political and social regeneration. However, the road still to be traveled is far from smooth. For a hundred years the contest waged by Great Britain and Russia across Afghanistan has known no quarter and has shown little consideration for the inhabitants of the intervening territories. In former times these Powers were brought into collision solely by tendencies of imperial development, and these in turn were conditioned and often neutralized by the necessity for coöperation in matters of European policy. Today, on the other hand, the two Powers are in a state of unconditional conflict in Afghanistan, and neither is deterred by

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other considerations from bringing its full force to bear in the effort to annihilate its opponent.

The attitude of Britain on the whole is one of defense. She stands on guard on her Indian frontier. She has consented to accept the loss of her rôle as a protector of Afghanistan, and desires only that the country remain independent and continue to act as a sort of barricade against northern influences.

For Soviet Russia in one way or another to reach to India, and to establish contact with her, would indeed be a triumph. Moscow therefore dreams of further uprisings in the northern provinces of India, which (for example the Punjab) are precisely the ones that even without Russian sympathy and help have created no little trouble for the Indian Government ever since the war. Armed efforts to hasten such revolts would probably prove too expensive for Moscow and would almost certainly result in failure. But there are other less open means. It is well to bear in mind that to the north of Oxus River are located the autonomous Uzbek and Turkmen Soviet Republics, inhabited by eastern tribes akin to those in the northern provinces of Afghanistan. It is no secret that the rôle of the natives in the present governments at Poltorask and Samarkand is rather theoretical, and that their political policy is dictated from Moscow.

The work of "educating" the Uzbek and Turkmen nations and reducing their various dialects to one homogeneous language is being carried on by Soviet Russia with exceptional energy and with appreciable results. Obviously it aims to attract towards the two Soviet republics the racially affiliated element inhabiting the frontier Afghan provinces situated between the Hindu Kush Mountains and the Oxus River. Though still in an early stage of development, this activity carries a significance which certainly is not lost on a ruler who is making such great efforts to unify his various provinces. The visit paid by Amanullah for the first time in 1927 to the northern parts of his country, to the cities of Masar-i-Sharif and Herat, probably had the double object of strengthening the work of unification and of counteracting the propaganda being carried on under cover of frontier trade among the Turkmen, Uzbek and Tajik tribes.

It will be seen that Afghanistan is beset with perils. So soon as the country reaches a fair level of development, its naturally strong borders and the valor and patriotism of its population will be a safe shield against aggressive neighbors. Thus the matter

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resolves itself into a struggle of endurance. This is well recognized by King Amanullah, and accounts for his energy and activity. He tours his distant provinces, introduces important reforms, and even for the first time leaves his country for a period of over half a year to visit the countries of the west. His grandfather, Abdur Rahman, did not deem it advisable to take this radical step; it is easier to leave the country, he said, than to return to it. But Abdur Rahman, besides being an astute and cunning ruler, was also a cruel despot, while the present king during the past decade has shown himself to possess not only a capable governing mind but also a desire to develop his country and improve the lot of his people. Recent despatches from Afghanistan show that the closing stage of his journey was as successful as its earlier periods. He reached the Afghan frontier from Teheran via Meshed, and was received (the telegraphic messages relate) with great enthusiasm by representatives of his government and people.

There can be no doubt that the initiative which King Amanullah — more as a result of native intuition than experience — has already shown in the development of his country will be much strengthened by his recent European impressions. Probably special attention will be paid to education in economics, and above all to the development of communications, without which no real progress can be made. The energetic way in which he utilized his European tour to inspect economic conditions and study developments in the sphere of military defence was remarkable.

The King, it must be understood, is first of all a patriot. But he is profoundly eastern by instinct and the tradition of former times can only have taught him to distrust western civilization. He therefore cannot have a natural liking for it or wish to see it transplanted to his country. His desire is rather to adopt only what he considers absolutely necessary for the reconstruction of Afghanistan on the lines briefly set forth in the first part of this article. His desire for contact with Western European countries is therefore of a utilitarian nature and is limited by the instincts of his race. His effort in the field of politics is directed towards gaining as much immunity as possible from his two formidable neighbors, and substituting for their economic or other help the cooperation of specialists and perhaps capital from countries not directly interested in the politics of Afghanistan. His true political sympathy goes towards the peoples with whom he is bound by affinity of race and religion — Persia and Turkey. He is sure to

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work for a further *rapprochement* with those countries and for the formation of a strong "bloc" of eastern states in which the religious principles of Islam (up till lately rather a reason for discord than for agreement between them) would give way to principles of national regeneration and political solidarity in the face of non-Asiatic powers.

Do dangers for European civilization and troubles for European politics lurk in these developments? Not necessarily. The transformation in the Middle East has been largely engendered, it is true, by a desire for defense against European imperialism and intrigue. But a generous and broad-minded policy on the part of Europe and America towards Asiatic problems will tend to efface the memory of the past and will help to find in the economic factor a real basis of good understanding. The development of trade and of financial and technical coöperation, divorced from political aims and from European or any other rivalries, will be the best means of showing to the great nations of Asia that they cannot live and advance, or even retain the wonderful products of their age-long culture, without contact with western civilization and without its friendly help.

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REPARATION REALITIES

By Carl Joachim Friedrich

IT is amazing how unreal the whole discussion about reparations has become. Argument is heaped upon argument to show that reparations can be paid or that they cannot be paid, that they can be transferred or that they cannot be transferred. The constant over-emphasis upon the exchange mechanism of goods rather than their production is well in keeping with certain superstitions current in economics. But the picture resulting from this tendency is very incomplete.

First let us direct our attention to some of the problems connected with the question whether reparations can or cannot be paid. Since, however, this whole discussion has been lost in such a maze of contradictory arguments, it may be well to use a simile drawn from individual rather than national economy — though with the obvious reservation that a simile is a simile and does not prove anything, but merely illustrates and possibly clarifies. Suppose, then, that a professional man, an engineer or a doctor, has run down someone in the street and has to pay a huge damage claim. Assume that previous to this occurrence he had had no surplus income. Obviously he will have to increase his working hours or lower his standard of living if he is to pay the damages. If we are asked whether we think he will succeed we can only say that the damages can and will be paid if the man's physique (in the broadest sense of that term, including possible psychological limitations) will stand the strain. So with reparations. Reparations can be paid if the German producer's physique can stand the strain. Furthermore, while this statement applies to all producers, its validity is tested primarily in the case of a national economy by that large group of producers who would anyway approach the minimum level of subsistence, the workers. They have no reserve funds and will have to bear the brunt of the burden. In Germany more than in any other country this is almost equally true of the middle classes, so-called, since their reserve funds have been wiped out by inflation. Let me repeat: *If the German producer in general and the German worker in particular can stand and will stand the strain upon his vital functions, reparations can be paid.*

But, it will be objected, German reparations so far have been paid out of international loans. Such a statement gives a mere

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accountant's view of the matter. No insight into the economic forces involved is derived by pointing out the fact that the total amount of reparations paid falls below the amount of loans made to Germany.

Even a general survey of international trade figures such as is usually undertaken in this connection proves little. Let us go back to our simile for a moment, slightly changing the premises. Suppose it were absolutely impossible for our engineer to make his damage payments by working harder and by living more cheaply. There might still be a chance of his borrowing money and building a plant in order to afford a better opportunity of turning his excess work into money. During the period of construction, his income (including current debt payments) would have to come out of the loan as part of the cost of promotion. If someone took the accounts of such an engineer, he could easily point out that the man was making his payments out of borrowed funds. But would this be considered a very striking observation? No. If he did not have to pay, he would not have to earn more; if he did not have to earn more, he would not have to build a plant; if he did not have to build a plant, he would not have to borrow money. This, I believe, is in essence the German situation today, and not that of a man "living" by borrowing, as Mr. Schacht and others have described it.

As was pointed out when Mr. Schacht chose to attack the use of foreign loans by German municipalities, the distribution of the 584 millions of marks of municipal loans taken up between January 1, 1925, and September 30, 1927, was as follows: 194 millions for electrical works, 65 millions for gas works, 80 millions for water works, 20 millions for harbors, 112 millions for means of transportation, and 96 millions for a Consolidated Loan of smaller municipalities spent for these same purposes.[1] For less urgent purposes (stadia, playgrounds, etc.) only about 77 millions were spent, and of course not out of the proceeds of these loans. The total annual burden upon municipal budgets due to such welfare charges (both old and new) is less than 0.5 percent. This seems a very small fraction indeed, and it ought to be borne in mind, moreover, that many of these expenditures are very important in order to keep the German working population in good physical shape, in view of the abominable housing conditions and the complete cessation of new construction of working-men's houses

[1] Cf. official memorandum of the German Government to S. Parker Gilbert of October, 1927.

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since the beginning of the war. It is rightly urged on all sides that if any extravagance on the part of municipal governments should occur in Germany, other means are available for curbing such a development, particularly since German municipal taxpayers have always kept a close watch upon the conduct of municipal finances. In fact, we find everywhere, even in towns with only 10,000 inhabitants, that carefully drawn-up budgets are available in print to every voter. These few facts must suffice to lay the bogy of uncontrolled spending by the public authorities. They ought to show at the same time that the foreign loans are really used for that construction of new productive plant which we saw our engineer might be forced into.

As far as concerns private loans, which have not been as widely attacked, we can certainly leave it to the creditors to see to it that they are invested where they will produce a surplus. It is not credible that the great conservative banking houses of New York which have floated these loans did not know what an industrial security was. Here and there a failure may result, as it always does in industrial investment, but the bulk of these loans is as safely invested as can be.

It seems too obvious for further elaboration that without capital the Germans would be unable to develop their industrial plant. In the first place, such raw materials as are not available in Germany have to be imported. But even the importation of finished products will of course often be justified upon exactly these grounds. If, for example, American automobile tires are greatly superior to German tires, it may be desirable to import such tires, at least until German tires have reached the same high level of quality at the same price. The same may be true of a good deal of machinery more obviously "productive" than tires, as for example products of the International Harvester Company. It is impossible to analyze here in detail the figures of German imports and exports as they compare with 1913, although only such a detailed analysis would enable us to draw any definite conclusions regarding their significance for the German economy as a whole. Suffice it to quote the German Federal Bureau of Statistics:

"The high surplus of imports over exports and the considerably increased imports are explainable primarily . . . (in connection with) the considerable progress of industrial production. This is apparent from the rapid rise of the imports of raw materials which is highest since the war. The imports of finished products . . . contain a considerable number of wares serving as the basis of

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further production." And further on: "The exports of finished products show a decided increase. This is the more remarkable since the conditions for the increase of exports were not particularly favorable during 1927. While 1926 was characterized (at least in its first half) by a period of depression which stimulated exports, the year 1927 was under the influence of a domestic boom which impeded the increase of exports, particularly since the internal price level was rising. If in spite of these conditions the exports of finished products are 8% above those of the previous year, it must be considered an indication of the growing ability of German industrial products to compete in the markets of the world."[2]

Certainly general statements about the total amount of imports and exports, such as are adduced by Mr. Keynes and others in their reasoning upon this problem, get us exactly nowhere, since our interest ought to be directed toward an understanding of the significance of these imports for the development of German national productivity. In order to render a conclusive account upon this question, it would be necessary to trace the various items of German import to their place of consumption — an extremely difficult thing to do. And even if we undertook it, it would not be conclusive by itself because the composition of imports is caused by the comparative price of the different goods at home and abroad. Thus the imports of tires may rise rather than imports of rubber, because a real saving can be achieved by importing them, while the imports of rubber would not result in any material economy. The same reasoning applies, of course, from very necessary down to very unnecessary commodities.

It may be well, however, to give a few figures about the total German foreign trade and the part which foodstuffs play in it. Reckoning on the basis of 1913 values (in order to have a common denominator), we find that the total volume of trade (stated in millions of marks), taking exports and imports together, is just approaching the 1913 level:

Year	*Import*	*Export*	*Difference between Export and Import*
1913	10,769.7	10,097.2	— 672.5
1926	7,966.7	7,340.2	— 626.5
1927	11,419.0	7,627.2	—3,791.8[3]

But at the same time we find that there have been considerable shifts in the relative significance of different items of import and export.

[2] Cf. *Wirtschaft und Statistik*, Vol. 8, pp. 58–9 (1928).

[3] These and all following figures are taken from the "Statistisches Jahrbuch fuer das Deutsche Reich 1927;" the *Monatliche Ausweise ueber den auswaertigen Handel Deutschlands*, Jan. 1927 and Jan.–Apr. 1928; and *Wirtschaft und Statistik*, 1927 and 1928.

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Germany has lost some of her most important food-producing areas, namely the sparsely settled rye and wheat producing provinces of West Prussia and Posen, which have been transferred to Poland. As a result, the import of foodstuffs has increased from 25.1 percent of the total imports in 1913 to 31.2 percent in 1926 and 26.7 percent in 1927. While the real values of 1926 were still below 1913 (2,680.9 million marks as against 2,807.8 million marks in 1913), they have risen above the 1913 values in 1927 (3,103.4 million marks). At the same time exports of such articles have declined from 1,069.5 million marks in 1913 to 392.6 in 1926 and 349.1 in 1927, bringing their relative importance for the total exports from 10.5 percent in 1913 down to 5.3 percent in 1926 and 4.5 percent in 1927. In considering all these figures it ought to be borne in mind that German production in all essential agricultural products is well below the 1913 level of intensity.[4]

This is only one, though a very important, aspect of the tremendous changes in the German foreign trade which are after all nothing but reflections of the complete transformation which the German national economy has to undergo at the present time. These transformations (or "rationalizations" as they are frequently referred to in Germany today) require capital and this capital is best supplied by the cheapest capital market. It so happens that the cheap capital markets of the world lie at present outside of Germany. Some German economists claim that it is advantageous to finance an industrial expansion abroad, because this leaves the equilibrium between consumption and production undisturbed and no curtailment of consumption for the purpose of investment becomes necessary. Such an advantage is at best only temporary, but under the conditions prevailing in Germany the contention has some force. German production was suffering severely from the complete destruction of the internal market. As a result of the inflation, incomes are generally so low that the accumulation of capital would not proceed at a rapid rate without cutting deeply into consumption or changing its direction profoundly. Even now, the rise of German savings has astounded many experts. By the time inflation

[4] All these figures have to be taken with a grain of salt, because the year 1926 was not a usual one. The first half saw a considerable depression in Germany, while the effects of the English coal strike later stimulated a rather rapid recovery. During the year 1927 the surplus of imports over exports became very heavy again; but the total quantities were still below the level of 1913. However, the territory was larger in 1913.

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had run its course savings accounts were almost annihilated; yet by April, 1925, the first billion had been accumulated; the second billion had been accumulated by March, 1926, the third by December, 1926, the fourth by June, 1927, the fifth by January, 1928. During the same period, according to J. Hoffmann, the turn-over declined very rapidly: 7.6 times in 1924, 4.2 times in 1925, 2.8 times in 1926 and only 1.2 times during the first half of 1927. The latter circumstance makes these deposits much more available for long term investment. But even though this development is phenomenal, these savings would not suffice to finance the German national economy as a whole. It should be noted that a total of upward of 5 billion marks has been taken from abroad in long term loans. And the movement still continues unchecked, for by April, 1928, savings reached 5.6 million marks and foreign loans 6.0 million marks. It appears that accumulation of capital at home proceeds at the same rate as foreign borrowing.[5] The rapid development of both these accounts and at the same time the maintenance of a high interest rate in Germany indicate the intensity with which capital is sought. For a certain length of time, capital would have flowed into Germany, reparations or no reparations, because it was and is needed to reorganize the national economy in almost every line of business. This is the basic reason for the high interest rates. But since reparations have to be paid, that is to say since a surplus of exports over imports has to be produced eventually, not less capital is needed, but more.

What I have just said is further supported by the general development of German foreign trade since the stabilization. The figures are difficult to interpret on account of the rapid change of the value of money (purchasing power), but there is little disagreement among competent students of these matters in Germany that the German exports show a steady upward trend. This is significant, even though for the time being the upward trend of German imports is similarly marked, in fact surpasses it; because, as I have said before, many of the German imports are going into more or less permanent plant equipment, and whenever

[5] It might be objected at this point that perhaps these loans were after all absorbed by excessive consumption. A glance at the development of the German wage level will dispel any such misgivings. There can be no doubt that the German worker has not at all benefited by that phenomenal rise in industrial productivity since the war, while he has carried the burden of unemployment as everywhere else. In fact his wages at times lag somewhat behind the rising price level; weekly wages for skilled labor rose from about 35 marks in 1913 to about 46 marks in 1926, that is about 42 percent, but the price level rose about 51 percent during the same interval.

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this building of industrial plant stops (as in the spring of 1926) a surplus of exports immediately appears. All we need to keep in mind at the present time is that it still will take a great deal of further industrial expansion before the point is reached where the German national economy will permanently produce a surplus of exports sufficient to cover the entire reparation payments.

But, it is further objected, the international loans to Germany are made without consideration as to whether they increase the productivity of Germany or not. This myth of productivity of the individual loans has played a great rôle in discussions over these matters, and both Mr. Gilbert and Mr. Schacht have sinned in the way they have used it. In particular, an invidious distinction has been drawn between loans to states and municipalities on the one hand and industrial loans on the other. And even in the case of industrial loans a distinction has been attempted between those loans which were given to industries producing foreign exchange and loans to other industries. Thus Mr. Schacht said in October, 1926, before a commission of the German Parliament, that foreign loans must only be given where by their application the creation of foreign exchange is guaranteed. Later on it was urged (and this represented a modification somewhat of the earlier position) that a loan is productive only if its use increases the ability of a national economy to produce a certain quantity of goods with the same amount of labor as before, i.e. if it increases the national dividend. On this ground objection was raised to the taking of foreign loans for the construction of small dwellings to remove the abhorrent conditions under which millions of German workers live at present. This interference with municipal social policy had, incidentally, much to do with the decided recent shift toward the left in German politics.

But approaching the problem from our angle, we recognize at once the delusion underlying these arguments. Economists are too often inclined to forget that we work in order to live and do not live in order to work. A higher standard of living for all is the ultimate goal of economic activity. Interest on foreign loans is a tribute which has to be paid to creditors abroad out of the total national dividend. Such tribute can be paid, on account of these loans, because more has been produced, or because the same amount has been produced but under more favorable conditions (reduced real wages). How far such tribute should be paid for one kind of service or another, concerns nobody but those who pay the

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tribute. Herrmann Schuhmacher, L. Albert Hahn, Adolf Weber, Edgar Salin, Wilhelm Röpke and a number of other German economists have pointed this out clearly in criticizing Mr. Schacht. Speaking practically, in this particular instance the question before the German people, who pay the tribute, is: Should we pay higher taxes from our income (which will probably mean less consumption of tobacco, jewelry and other such marginal necessities), in order to pay interest on a loan contracted to meet the costs of building dwelling houses for our laborers; or should we go without these dwelling houses and enjoy those marginal necessities instead? It was on this ground that the views of Mr. Gilbert and Mr. Schacht were challenged on all sides. It is a question simply of substituting one kind of consumption for another. Other and more effective means than the interference with foreign borrowing can be found to control the proper conduct of public finance.

The satisfactory balancing of national income and expenditure is in the end a political problem and beyond determination by purely economic criteria. It serves no good purpose to close one's eyes to that calamity, if it is a calamity.

Furthermore, it is elementary knowledge that in Germany as anywhere else capital is supplied to those who seek it through the capital market. Conditions of demand and supply will determine, on the basis of marginal utility, which requirements will be filled first and which last. As long as conditions are strictly competitive, the interest rate will operate as the most potent force of selection. Its function in this respect has been likened to a sieve. Given a stable exchange, the extent to which foreign capital will flow into a certain market depends upon the comparative interest rate and the intangible and important factor of security. These two factors combine to induce foreign capital to take up the safest, or most conservative, investments.[6] In course of time there will occur a decline in the interest rate on such investments, since the increased demand for them is bound to raise their price. A correspondingly large amount of home capital will then become available for other investments. In other words, if German State and municipal loans are taken by foreign investors, some domestic capital will become available for industrial and other investments

[6] Some qualifications should be made to this statement, on account of the obscure problems arising out of the frictions impeding international movements of capital; but on the whole it is true that the increased sales resistance encountered in connection with international loans will be compensated for by striking evidence of the soundness of the investment in all other respects.

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in Germany. If the capital needs of the very large German industrial concerns, such as the German General Electric, are supplied from abroad, the capital needs of some of the smaller though not at all necessarily less "productive" concerns will be supplied from the home market. Thus it happens that although the particular investments made by foreign investors may not increase the productivity of Germany directly, they may do so indirectly. This is exactly what happened in Germany in a previous period of rapid industrial expansion, in the 'sixties of the last century, when considerable funds were loaned to Germany, particularly by England, for the purpose of building gas works. Certainly the building of large power plants, of electric and other public utilities and the like, cannot be disassociated from the development of German national economy as a whole, which is the center of our discussion and the basis of all reparation payments. To sum up this argument: Germany as a whole greatly needs foreign capital. The interest on such capital is in the nature of a tribute. It ought to be as small as possible. Capital therefore ought to be borrowed by those who can get it on the best terms. These are the public agencies and the very largest industrial concerns.

From all that has been said so far, it ought to be clear that the problem of transfer is really a short-time question. It cannot become a permanent problem except as a result of the interference of political factors, first among which rank tariffs. But even tariffs could only temporarily delay an automatic disappearance of the transfer problem because there are limits to this as to all other types of political interference with economic forces. We may therefore say that even if a small part of the reparation payments should prove untransferable during the next few years, it would hardly entail a great crisis. The Agent General for Reparation Payments would do exactly what the foreigners investing in Germany do now, namely, he would buy the most conservative investments which could be gotten in the German capital market. Such securities could easily be turned into a trust fund deposited as collateral for security issues outside of Germany, if endorsed by the receiving governments, or they could be held until the international capital market was ready for their ultimate sale. A great deal of unnecessary agitation has been caused by writers on this subject when they assume that necessarily the entire amount of reparation payments would become non-transferable, when as a matter of fact all experience with the

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transfer plan so far shows clearly that at most a fraction of the payments would become non-transferable. It goes without saying that such reinvestments in Germany would further stimulate that building up of the German industrial machine which must eventually lead to an export surplus.

Nor is there any prospect, as a matter of fact, that the inflow of foreign capital into Germany will suddenly stop. It has recently been stated by a conservative New York investment house, and has been confirmed by cautious and well-informed students of the French capital market, that inside of three years French capital will be available for investment in Germany on such terms as will make it impossible for American bankers to compete. But if competition between capitalists all over the world is so active, and if everybody wishes to invest in the hen that is laying the golden eggs, Germany, is it not idle to talk about the "sudden" stop of all foreign capital? None of those who talk about this sudden stop have ever attempted to show why the inflow should stop suddenly, or when. It will stop when all profitable investments have been made, i.e. when German interest rates will have come down to international levels. In this connection it will be remembered that American labor leaders have recently protested against the loaning of American capital abroad. Whether their contentions are entirely sound may be doubted; but they are not answered by a general reference to the prosperity of the world at large such as Mr. Cassel made in Chicago.[7] I do not see how it can be argued that it is in the interest of the American worker as a group that available American capital should go unhindered into cheaper labor markets abroad (particularly when there is a very sizable amount of unemployment in existence here already), as long as tariff barriers and other political interferences with the free interplay of economic forces continue. It seems that each one of these interferences brings in its train a host of others. As a matter of fact, tax exemption operates already as a force for keeping American capital in America, and is one of the forces interfering with the free movement of capital above referred to. Insofar as such "export-tariffs" upon capital came into existence, they would no doubt modify the assertion made above that the flow of capital into Germany will stop only when all profitable investments have been made.

But, it is next objected, all this plant which is being built up

[7] Speaking at the University of Chicago, June, 1928.

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will not enable the German national economy to make any of these payments without sometime or other exporting a corresponding amount of goods, and this cannot be done without eventually underbidding producers in other countries. This is undoubtedly true, and it will be done by underbidding producers in other countries. When the German national economy is developed as highly as any other, so far as plant equipment is concerned, it will be able to undersell all others by keeping down its labor cost, that is, its real wages. Here we have the root and the crux of the entire situation. The old rule that high wages (relative to capital) stimulate high plant development (rationalization of industry), while low wages retard it,[8] is modified by the introduction of another cost factor, taxes. These reduce all wages directly (10 percent income tax, even on very small incomes and wages taken at the source), increase the cost of production without either direct or indirect benefit (the industrial debentures and the transportation tax), and raise the price of goods consumed by the common laborer (sugar and tobacco taxes). All these factors combine to reduce the standard level of wages, as far as their real purchasing power is concerned, down to the point where they are balanced by organized resistance to lower wages — and this resistance is considerable in Germany, on account of the strong development of labor unions. The second factor, combined with heavy corporation taxes and the like, takes the place of high wages in stimulating extensive plant development by thoroughgoing rationalization of industry.[9]

At this point in the discussion there usually ensues an extensive argument on the question whether or not Germany is more heavily taxed than some of the allied nations. It is impossible within the brief compass of this article to deal with the so-called "principle of commensurate taxation" as stated in the Dawes Plan.[10] A few general remarks must suffice. Stated as a principle of

[8] This statement is of course made subject to the clause, "to the extent to which additional capital is available."

[9] This statement seems to run counter to the widely accepted argument about the inhibitory effect of heavy taxation on industrial development. A brief reflection will show that everything depends upon the nature of the tax and the time it is levied. If a certain tax is suddenly sprung upon the manufacturing community, it may well be that such a tax will force the marginal producers out of business. But if the tax burden is known in advance, it will probably cause a different distribution of capital among the various possible trades, provided the buoyancy within the economy as a whole remains unaltered. This latter situation seems to prevail in Germany today.

[10] "It is not open to dispute, as a simple principle of justice, that the German people should be placed under a burden of taxation at least as heavy as that borne by the allied countries." (Report of the First Committee of Experts Part I, VIII, b.)

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justice, there can be no doubt of its fairness, provided it has any definite meaning. But that is precisely the difficulty. One thing is certain, and that is that the commensurability of the tax burden cannot be measured by comparing the average tax burden per capita, as is so frequently done in popular discussions of this topic, but rather by comparing the average tax burden per unit of income. But there are almost unsurmountable difficulties in the way of such a calculation, since it involves an estimate of the national income. Furthermore, it is quite uncertain what ought to be considered a tax constituting part of the system of taxation. The ordinary textbook definitions which differentiate between taxes, fees and rates (charges of companies operated by the government) are here inadmissible. Both fees and rates contain elements which ought to be made part of any consideration of the tax burden. Last, but not least, it might be asked what is the meaning of the term "tax burden" anyway. There certainly exists a vital distinction between money spent for the conduct of an unprofitable war and money spent for the building of highways, bridges and railways. All this goes to show that this simple little principle, like many principles of justice, is exceedingly difficult, if not impossible to realize.[11] I therefore find it hard to agree with the authors of the Dawes Plan when they say: "We have done our utmost to apply the principle of commensurate taxation." At any rate, there seems to be general agreement that a comparison of tax burdens ought to take into account the comparative national incomes, i.e. the comparative national wealth.

It is apparent that a rising German population cannot be taken as an index of rising German "prosperity" in any real sense. Yet this has been suggested by the Dawes Plan for the "index of prosperity." In order to appreciate fully why we cannot measure German prosperity by this or by any of the other tests mentioned in the Dawes Plan (total imports and exports, total budget receipts and expenditures, total railroad traffic, and certain consumption totals), we must constantly keep it in mind that we are dealing here with an enforced prosperity — prosperity artificially stimulated by making German producers and particularly German workers produce more than they would ordinarily be inclined to produce. These facts ought to be borne in mind in order to interpret correctly the rapid rise in the German population

[11] Cf. Wilhelm Gerloff, "Steuerbelastung und Wiedergutmachung" (1924), and Waldemar Holz, "Sind internationale Vergleiche steuerlicher Belastungen möglich?" (1924).

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since the war. Since 1919 the population has increased by 3,234,405, or more than half a million a year, and there are no indications that the rate is slowing down. It may be that this development, together with the growing expansion of the industrial plant, will be accompanied by a widening of the home market. Indications seem to point in this direction. Speaking generally, there are two major forms which this market expansion may take, either a permanent increase in the number of producers working the expanded plant at more or less stationary wages, or a gradual increase in the wages. In my opinion the former course will be taken, after a certain equilibrium has been reached between wages and prices. Until last year the market expansion followed both courses. Since then the wage level has not risen appreciably.

Undoubtedly the markets of the world as a whole will also continue to enlarge. But unless they expand so rapidly as to absorb the increasing surplus of goods produced by the growing German economy, this whole development must eventually lead to a gigantic dumping of German goods upon the markets of the world. As has been pointed out before, further difficulties may arise from the fact that part of the expansion of world markets will be in the form of goods not manufactured in Germany. But eventually the German market will have been highly protected from interference by outside producers. The German worker will have to buy in an expensive market in order to supply his products below cost to markets beyond his reach. In the meanwhile the English and the American worker will continue to suffer from considerable unemployment.

To clarify our conception of this utterly artificial situation, let us return to our earlier simile. Let us assume that our professional man, perhaps a doctor this time, had only one competitor in the particular area which he was serving and that this competitor was the very one who was to receive the damage payments. What would happen? Our heavily indebted man would add, let us say, two hours in the morning and two at night to his working schedule. But in order to fill these four hours of work, he would have to make strenuous efforts to cut into the practice of his competitor, who would in turn be much tempted to lay off, since he is receiving additional revenue without work. It is more likely than not that after the contest had run its course, the indebted doctor would have secured a considerable part of his competitor's

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practice. Nothing but this inevitable result is what we are predicting in national economies if the reparations are collected as planned. Even though there are many complications and qualifications, it is on the whole true that in so far as nations export the same wares, they stand to each other in the relation of these two (or more) competing doctors; they are competing like individuals. It is a fairly clear case of limited competition.[12] If their markets are the same, it is inevitable that what the one gains the other loses. The only important qualification which we ought to keep in mind here is that over a considerable period of time the markets may themselves expand (or they may of course contract), which would have the same effect as an increase (or decrease) in the population of the area in which our two doctors were practising.

Let us imagine the situation when reparation payments come to an end. We shall find a highly developed German industrial system competing with a somewhat crippled system in other parts of Europe. Tremendous economic power will have been built up under political pressure from the outside. I should not be astonished if the German industrial system would have almost to double in order to produce the requisite surplus of exportable goods. But is this really likely to happen? Could such a development of German economic power take place without a somewhat corresponding increase in her political power? Her rôle in Europe would become overshadowing, providing (to come back to our starting point) the German worker would stand the strain.

Instead of pressing forward to this conclusion, let us hope that producers the world over will be intelligent enough to force a reduction in reparations in order to eliminate the necessity for creating this industrial leviathan. Why should the English, the American, or the French producer endure the enforced idleness which the compulsory and unnatural sweating of German producers entails for him? Germany has the capacity to pay; but I maintain the paradox that by common consent reparations will be reduced as the German capacity to pay them increases.

[12] A. C. Pigou calls it 'monopolistic competition.' Cf. *The Economics of Welfare*. Cf. also the article by Edwin F. Gay in the April, 1926, issue of FOREIGN AFFAIRS, "War Loans or Subsidies?", in which this proposition was clearly stated.

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FRANCE AND ITALY IN NORTH AFRICA

By C. A. Le Neveu

JUST a hundred years ago France undertook to give a long overdue lesson to the African pirates who infested the Mediterranean Sea and who had until then successfully resisted Europe's sporadic efforts to curb their activities. The "Algiers expedition" of 1830 was not a colonial enterprise. It was merely a punitive action which would have been undertaken long before by all the Powers concerned if each of them had not feared to give another a chance of gaining influence and prestige. In fact, when the French Government (facing a new revolution at home) finally showed itself determined to exact full reparation from the Dey of Algiers, who had insulted the French Consul and later fired on a vessel carrying a flag of truce, there was grave misapprehension on the part of the Court of St. James. Great Britain was strongly opposed to any French action on the African coast and did all in her power to prevent it. The French fleet nevertheless set sail from Toulon, with precise instructions as to the scope and duration of the expedition. There can be no doubt about the genuineness of those instructions. No Frenchman in those days foresaw any long-continued resistance from the Arabs nor thought that the expedition would not end with the bombardment of Algiers, and eventually Bone.

The expedition proved, however, to be the beginning of a conquest which lasted for over thirty years and ended with the organization of the whole of Algeria into three French provinces, or *départements*. But "pacification" remained inconclusive so long as Algeria could be menaced from the east. Frequent incursions of members of the Kroumir tribes from the neighboring Regency of Tunis led the French to negotiate with the Bey for better and safer relations. Unfortunately diplomatic endeavors are usually most unsatisfactory with countries where the power of the Sovereign is merely nominal and where the people revel in dilatory discussions. France experienced these difficulties to the greatest extent in her dealings with the Bey of Tunis, so that at the beginning of 1879 she had to send him an ultimatum and began to prepare for the occupation of a few points on the Tunisian coast.

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Just as in 1830 France had to overcome the stubborn opposition of England, so in 1879 Italian agitation was supposed to be behind the obstinacy of the Bey. In the Tunisian affair, however, France now had two allies; one of them was her former opponent, Great Britain, who at the Congress of Berlin had bargained that the French should eventually establish themselves in the Regency in return for French acquiescence in British plans in Cyprus and elsewhere; the other ally was one which may have been least expected, namely Germany. Indeed, Bismarck wanted to keep France's eye away from the Vosges and was prepared to inform the Italian Government "should it have rash intentions on Tunis or should it simply appeal to Berlin, that French intervention in Tunis seemed to be commanded by circumstances and that, in his opinion, France was within her rights." It may be worth noting here that in the mind of Bismarck, as reflected in his correspondence and in that of his son Herbert, Great Britain should settle in Egypt, France in Tunis and Italy in Tripoli. Between 1879 and 1881, at any rate, the Chancellor did all he could, not only to help the French smooth over their difficulties with the Regency, but also to warn off the Italians, with the result that Italian endeavors to check French action remained without an echo in Europe, even in Constantinople, where Berlin's influence in favor of Paris proved most active and efficient.

France also found it necessary to protect her main colony, Algeria, from the west, and therefore soon had to turn her eyes toward Morocco. Let us not forget that the Madrid Conference met as early as 1880, and there again Bismarck lent France a helping hand. Later on, however, Franco-German relations changed entirely in character and the strongest and bitterest opposition against further French advances came from Berlin.

It was the Morocco affair, moreover, which brought about a radical turn in the general relations between the principal European Powers. The Franco-British Entente Cordiale was born on colonial fields; after one hundred years of rivalry in Africa, the Governments of London and Paris agreed in 1904 to compromise their conflicting claims and to live in peace thenceforth. But the agreement of 1904 was only the most celebrated and influential of a series of accords. Among others of importance were the ones signed in December, 1900, and November, 1902, according to which France left Italy a free hand in Tripoli whilst Italy recognized French "superior interests" in Morocco. Later, after

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the tragic negotiations which preceded the Treaty of Fez of March 30, 1912, at which time France was at last put in a position to exercise her Protectorate over the Shereefian Empire, another "declaration" was signed between Rome and Paris; the two Governments agreed, first, not to put any obstacles in the way of measures which might be taken by France in Morocco and by Italy in Lybia, and, second, to grant most favored nation treatment to each other both in Morocco and Lybia.

It is essential to recall briefly these historic steps in the formation of political North Africa in order to understand the present situation there, which though simple enough in its main elements is rendered intricate by international intrigue and national ambition.

Before we go any further, it might be well to point out that at the time France conquered Algeria there could not be any "Italian" opposition, for the obvious reason that the Italian nation had not as yet come into existence. Barely ten years had elapsed since the formation of the Kingdom of Italy when France signed the Treaty of the Bardo, which entitled her to exercise her Protectorate over Tunis, thus crushing temporarily young Italy's aspirations. At that time, Morocco was too undeveloped — and as a matter of fact was too much *terra incognita* and too far from the Peninsula — to arouse Italian hopes, and in 1902, when Rome and Paris came to terms on that question, Italy thought she had sufficient field for her activities in her new acquisitions in Tripoli. Moreover, her tragic failure on the Red Sea had somewhat dampened her colonial spirit.

How is it, then, that there should be so much friction today between "the two Latin sisters" in North Africa? How deeply is the trouble rooted and what prospect is there for arriving at a satisfactory solution? As a matter of fact, the friction is to be traced back to the domestic situations in the two countries and to their general relations to each other rather than to petty disagreements in Tunis and elsewhere. There are too great temperamental differences between Italy and France for them to love one another unconditionally. Their needs and their wants are too often contradictory to allow the cementing of a thorough-going friendship. In the colonial field alone, for instance, there is Italy's great grievance based on the fact that after the war she received no mandate over former German possessions. Now the governing influences at the Peace Conference were those of Wilson and Lloyd George — but the covering letters were signed by Clem-

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enceau! Italy claims, exactly as did Germany before the war, that as she is a late-comer in the colonial arena she has not obtained anything commensurate with her position nor adequate to take care of her overflowing population.

Tunis is an especially sore point with Italy. The country has been developed chiefly by Italian labor, as is shown by statistics, which in 1921 gave 85,000 Italians in the Regency against only 55,000 French. The census of 1926 alters the proportion, as it puts the French population at 71,000 and the Italian at 89,000. But this simply emphasizes the aggravating question of naturalization *en masse*, to which the Roman cabinet objects so strongly. By a decree dated November 8, 1921, and an act dated December, 1923, the French Government put the French Civil Code into force in Tunis. The weakness of this piece of legislation lies in the fact that Tunis is a Protectorate and not a colony, that, therefore, people born in Tunis of foreign stock may be Tunisians *jure soli* but should not be *de facto* French citizens. Both the decree and the act, however, specifically state that a person born in the Regency of parents (other than Tunisians) themselves born in Tunis is French by birth. The act applies even when only one of the parents was born in the Regency. Persons thus coming under the provisions of the act may claim the nationality of their foreign parent or parents, but with the restriction that their offspring cannot avail themselves of this favor. This was without doubt a dubious move on the part of France, the more so because it showed evident embarrassment over the prodigious increase in the Italian population. The Italian Government bitterly resented the naturalization law, which was defeated in some respects by The Hague Court. After having also opposed it, the British accepted it, maybe because of the Franco-British agreement relating to Tunis and Egypt, maybe simply because the British subjects involved were all Maltese. There were 13,500 of them in 1921 and only 8,400 in 1926, the difference accounting in part for the rapid increase of the registered French population between 1921 and 1926.

Forced naturalization *en masse* as contrasted with individual naturalization offers a fine debating subject for professional and amateur jurists. The press of both countries has not failed to register their claims pro and con. A point, however, has been left in the dark: what would have become of the controversy had the protected country, acting within its rights, decreed that

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Tunisian (not French) nationality was to be gained automatically and without restriction through birth on Tunisian soil? This would have been the adoption of a principle inscribed in the American immigration laws, according to which the origin of a person landing in the United States is decided solely according to the country in which he was born, regardless of parentage. Italy would probably claim, as she does today, that the question remains settled by the Consular Convention of September 28, 1896, Article XIII of which stipulates that Italians in Tunis shall retain their Italian nationality. This convention, however, was denounced by the French in 1921 and such denunciation is perfectly in order. Italy maintains that it is not. Her contention cannot be upheld. No treaty is eternal, especially when it contains a proviso governing its duration. The 1896 convention can evidently be revised, and failing Italian desire to negotiate another, the Bey, with the advice or consent of France, is at liberty to cancel it on maturity.

"We cannot accept the menace against Italian nationality in Tunis," is the cry sent up today from Rome. The force of the complaint is weakened by the fact that it applies not only to Tunis but to the whole of North Africa, and also extends to continental France itself. Since the number of Italian immigrants to the United States was greatly reduced by the quota law, the population in the Italian peninsula has had to find outlets elsewhere. Many have settled in France. Is the French Government any less able than the United States Government to restrict in any way it wishes the nationality of persons born on its own territory? Since the days of Grotius there have been conflicts of laws in such matters, and a considerable time will undoubtedly pass before they are finally settled. At the moment, discussion about the naturalization law in Tunis is particularly acute. It will only be smoothed over when the two principal parties have come to a satisfactory agreement on questions of general policy.

Italian contentions as to the economic progress accomplished in Tunis solely as a result of Italian labor are somewhat exaggerated. Labor is not everything. North Africa was most backward until the French took in hand the administration of the country, laid out roads and harbors, built houses, introduced and maintained peace. Much of the physical equipment may have been constructed with Italian hands, land may have been tilled by Sicilian farmers, but all this would have been quite impossible without the

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previous establishment of the higher organization essential to the maintenance of peace and order. This higher organization was the work of the French, and the French alone. They came in first, and arguments as to what "might have been" if others had taken their place in 1830, in 1880 and in 1912 are as sterile as would be Mexican claims to American border states on the grounds that since they came under American administration prosperity had replaced chaos and poverty, and that Mexican labor had been of use in bringing about the physical transformation.

Italian claims are weakened by other facts. An immense proportion of the Italians (and this applies equally to the Spaniards) in North Africa are engaged in menial trades — and, incidentally, herein lies the secret of their relative failure as colonists. Coming into backward countries as direct competitors to the natives, they arouse hostility and injure their prestige, whereas the British and French awaken a certain amount of sympathy on account of the higher wages which their presence enables the natives to command. That the Italians are not supreme in North Africa is shown by the latest census. Out of a total foreign (non-Tunisian) population of 173,000 in 1926, there were 89,000 Italians, 71,000 French, 8,400 Maltese and 4,600 other Europeans. But the superiority is restricted to agriculture (15,412 Italians against 6,745 French) and commerce and trade (53,852 Italians against 17,162 French).

Although France has recognized Italy's full right to have her own schools and social organizations in Tunis, the number of Italian doctors, lawyers, professors, etc., is less than that of French — 1,322 against 2,131. The fact that Italy is able to provide full education, from elementary to high schools, for her sons and daughters in the Regency is sufficient proof of France's liberal attitude, the more so as it is known that such schools are under the direct authority of the Government of Rome, which subsidizes them, supplies professors and schoolmasters, drafts the program of study, and supervises the whole system through its consuls, assisted by special academic envoys. Yet there are only about 10,000 boys and girls attending those Italian schools, while 9,954 young Italians prefer to use the French institutions. There are also Italian Chambers of Commerce, banks, branches of the "Italian Legion," sporting clubs and political newspapers.

Against all these Italian activities in Tunis France finds nothing to say. But she begins to resent symptoms of more direct

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Fascist action. For instance, there are a certain number of Italians who, while not accepting the naturalization decree of 1921, wish to avail themselves individually of the general facilities granted to foreigners to become French. They meet with such abuse and reprobation from newspapers and political organizations at home, however, that often they give up the idea and abandon the advantages which they feel would accrue from the possession of French nationality. Though this has awakened considerable feeling in France, there was no protest when Signor Mussolini in the spring of this year sent a special delegation to visit North Africa, to bring to the Italian communities there the backing of Fascism, provided they would affiliate with the great national organization in Rome.

What effervescence exists in Tunis itself is mostly due to a revival of Italicism. Italy, pressed on by the dynamic force of a dictator, gathering strength in greater national cohesion, anxious to obtain a place in the sun for an overflowing population, cut off by immigration restrictions from former outlets, has somehow or other to make elbow room for the future. She feels that it is easier to remove the frail barriers which stand in her way in "new lands" than to try and enter a wedge in older and more established countries where national sentiment might be more easily aroused against foreign activities or attempts at penetration. North Africa is only an episode on a far wider international chessboard. Italy has not abandoned hope of obtaining a revision of the allocation of mandates. Recent developments in the Tangier question show that she is able to re-open doors that had previously been closed to her. Unsuccessful claims in North Africa might be made to serve as a good springboard from which to enter the field of compensations.

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THE FUTURE OF AMERICAN SAMOA

By George H. Blakeslee

AMERICAN Samoa, a group of six tiny, picturesque islands, comprising the eastern part of the Samoan archipelago, and inhabited by nearly nine thousand Polynesian natives, has been under the American flag for twenty-eight years. Yet Congress has never specifically extended the sovereignty of the United States over these islands nor established a government for them. To remedy this situation Senator Hiram Bingham, who is well informed on Pacific affairs, has introduced a bill which passed the Senate on May 10 of the present year and which appears likely to pass the House in the near future. In addition to regularizing the constitutional status of the islands, the bill provides for the appointment of a commission of six — two Senators, two Representatives, and two Samoan chiefs — to make recommendations to Congress regarding necessary and proper legislation.

Samoa has played a larger part in American foreign relations than its small size would seem to warrant. Some four decades ago friction with Germany over these islands was so acute that American and German naval ships threatened each other in Samoan waters, with guns loaded and decks cleared for action, until the great hurricane of March 15, 1889, left them all stranded wrecks on the sandy beaches and the coral reefs of Apia Harbor. Two international conferences, at Washington in 1887 and Berlin in 1889, failed to solve the perplexing Samoan problem. Finally, in 1899, Great Britain, Germany and the United States agreed by a tripartite convention to divide the archipelago between the two latter powers, Germany receiving the larger and more populous islands, those lying to the west, and the United States those to the east, including Tutuila with its bay of Pago Pago, the best naval base in all the South Seas. Germany administered her islands until August 29, 1914, when they were captured by an expeditionary force from New Zealand, which for some decades had coveted them. In the post-war settlement Western Samoa was awarded to New Zealand as a Mandate.

The constitutional status of American Samoa presents interesting problems. The tripartite convention of 1899 did not grant sovereignty to the United States. The three powers had previously acknowledged Samoa to be independent, and by this convention Great Britain and Germany merely renounced in favor of the United States all their "rights and claims over and in respect to" the eastern islands. But the chiefs of this group formally ceded their islands to the United States, April 17, 1900, and July 14, 1904; and President Roosevelt officially accepted the cession. It is upon this cession, according to our Navy Department, that the sovereignty of the United States rests. It is claimed by some, however, that the President has no constitutional authority to accept territory and extend American sovereignty over it. Senator Lenroot has recently advanced that contention. Whatever the legal bearing of such a claim, however, it is clear that in several cases territory now indisputably under the sovereignty of the United States has been acquired by no other authority than that of the President. Midway and Wake Islands in the Pacific and Horseshoe Reef near the outlet of Lake Erie are well-known instances.

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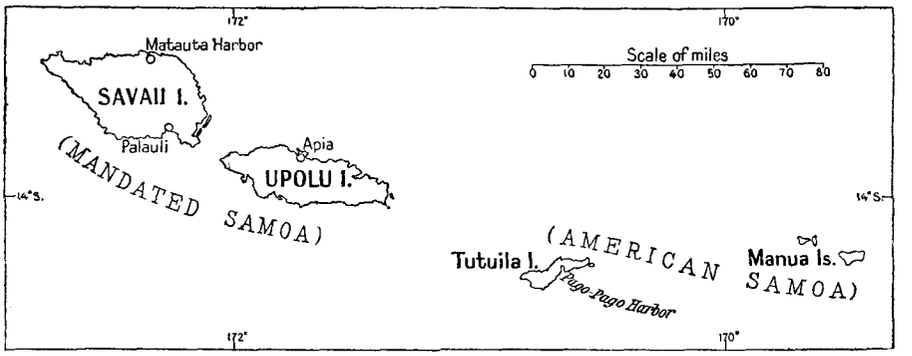
Even if it be assumed that Congressional action is legally necessary, it is a matter of dispute whether such action has or has not been given in the case of American Samoa. Certainly it has not been given by any direct, formal vote, nor has Congress accepted the cession of the chiefs; but on several occasions it has passed acts recognizing that American Samoa is under the sovereignty of the United States. The clearest instance was the Joint Resolution, approved March 4, 1925, which stated: "That the sovereignty of the United States over American Samoa is hereby extended over Swain's Island, which is made a part of American Samoa." Swain's Island, it should be added, is a mere dot in the Pacific, some 210 miles from Tutuila, with a total population of 87, most of them natives. It has been in possession of an American family since 1856, and when its national status was challenged a few years ago it seemed best to the Administration to assert American sovereignty by an Act of Congress. Under the circumstances the constitutional status of American Samoa is hardly open to dispute. From acts of Congress and decisions of various governmental departments it is clear that it is a possession of the United States



but not an integral part of it. The constitution and laws do not apply to it; it has its own tariff; and the inhabitants, while not citizens of the United States, owe allegiance to it. Senator Bingham's bill does not attempt to alter this constitutional and political status. It formally regularizes it by accepting, ratifying and confirming the cession of the islands by the native chiefs.

No form of government has ever been established by Congress for American Samoa. The validity of the present administration by the Navy rests upon an Executive Order, signed by the President on February 19, 1900, which formed the eastern islands into a naval station of the United States and placed them under the jurisdiction of the Navy Department. Each Commandant of the Naval Station is given by the President a commission as Governor of American Samoa, and as such has absolute power. He is the Executive, the Legislature, and the Supreme Court. Whether this unlimited autocracy is benevolent depends largely upon the character of each individual governor. The wisdom of continuing this form of government or of supplanting it by a civil administration is now a warmly disputed issue. Quite naturally the Navy approves of the present system. An official of the Navy Department in testifying recently before a joint Congressional committee, said: "I believe it is the best insular

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government in the world today." The present Secretary of the Navy states officially that the Navy Department sees no need of additional legislation or of any change in the form of government.

The Navy indeed can point to much of which it may rightfully be proud in Samoa. It has carried out the policy of Samoa for the Samoans: it has protected them, suppressed wars, built roads, established schools, improved health and sanitary conditions, advanced the economic situation by keeping taxes low and supervising the sale of the entire copra crop to the highest bidder at prices which bring more to the natives than in the nearby New Zealand Mandate. Under its administration the population has increased, since 1900, by over fifty percent. Although the Naval Governor is theoretically absolute, subject to the supervision of the Navy Department, he has retained the Samoan customs and the native local government, and is advised yearly by an assembly of Samoan chiefs and district representatives. The Navy claims that the great majority of the Samoans are satisfied with the existing government and wish it to be retained; and that any unrest has been due to outside influences. This favorable view is shared by some civilians, including Senator Bingham.

But there are also critics, some of whom are men of standing and with no personal interests in the islands. The natives, too — whether they are satisfied or not at present — evidently wished, in the recent past, that a civil administration should be substituted for that of the Navy. The chief criticism relates to the form and nature of the government rather than to specific abuses, although a serious native unrest in 1920 led to the introduction of important reforms which had long been demanded, including the establishment of a public school system and the publication of an audit of public expenses. To meet the alleged dissatisfaction of the natives and their desire for self-government, Senator Lenroot introduced a bill in 1926 which would have led to a civil form of government, but it failed to pass. The chief objection to a purely civil government would be the expense. At present the Naval Governor and the nine heads of departments of American Samoa are all officers or members of the Navy and serve without any expense to the island treasury. A great share of the medical and sanitary budget is also carried by the Navy. It would be difficult for the nine thousand natives to support a government of the present standard if they had to bear the entire financial burden. Senator Bingham's bill would continue for the present the Naval administration by giving the authorization of Congress to the officials appointed by the President. Any change in the form of government will evidently depend upon the report of the commission of six, which will doubtless visit American Samoa before making any recommendations.

In the neighboring but more populous islands of Western Samoa general conditions are similar to those in the American group. But New Zealand, despite all its successful experience with the Polynesian Maori in its own homelands, has aroused far more native opposition in its Mandate than has the Navy in American Samoa. Shortly after the Mandate was awarded, both natives and whites expressed keen dissatisfaction; at present the unrest has become so acute that the Government has banished the wealthiest trader from the islands, and many chiefs from their villages, and has sent cruisers to main-

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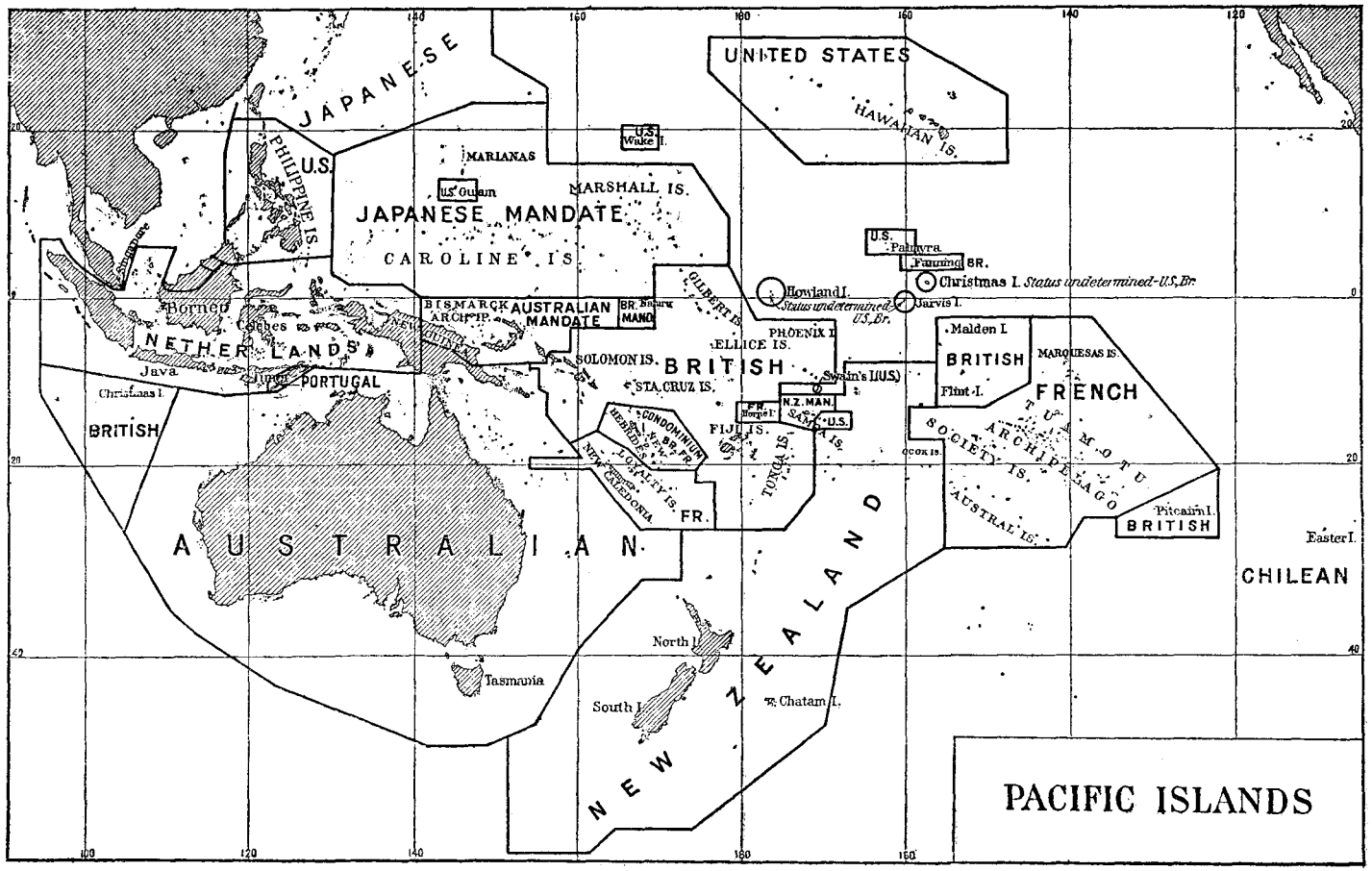

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tain order. Meanwhile the opposition is carrying on a passive resistance, with the result, in the words of the New Zealand Prime Minister, "that sufficient mischief has already been done to prejudice the prosperity of Samoa and the Samoans for many years to come." Some of the natives have even expressed a desire for the extension of American rule over the Mandate, an attitude due in part to the success of the Navy in excluding influenza entirely from American Samoa in 1918–19, at the time it was sweeping over the Mandated islands and causing the death of some 7,000 natives, twenty percent of the total population.

Even if civil administration should supplant that of the Navy, it would not lessen the value of the chief asset of American Samoa — the harbor of Pago Pago. Although all American Samoa is technically a naval station, it is the area owned by the United States Government on Pago Pago bay, acquired by treaty with the natives in 1878, which is "the naval station proper." Pago Pago, the best harbor in the entire South Pacific, is formed by the encircling walls of a submerged volcano, with a narrow opening leading into waters which are sheltered from all storms. But the increase in the size of the modern warship, and in the number of vessels in a cruising fleet, have somewhat lessened its former value. A recent Commandant of the Station has said: "It has a very great value, and the only trouble now is that as a base in 1872 it seemed a big harbor; today it is a very small harbor." It is now used as a coal and supply base, but it is unfortified, and by the terms of the Washington Treaty of 1922 it cannot be fortified for the present. An additional use for it which is already envisaged by naval officers is as an airport, both naval and commercial, particularly as part of a San Francisco-Hawaii-Samoa-Australian route.

Important as is American Samoa, its value would be greatly increased if the United States had additional islands south of the equator. North of it, Hawaii, Midway, Guam and the Philippines make a convenient bridge from San Francisco to China. But to the south, from Panama to the Philippines, Samoa is the sole American possession. It has frequently been pointed out during the past two or three decades that the acquisition of the Galapagos Islands, off the coast of Ecuador, and some or all of the French islands — Tahiti and the Marquesas — would add much to the importance of Samoa. As is generally known, Secretary Knox made a tentative offer for the Galapagos in 1910, but public opinion in Ecuador forced the President of that country to break off the negotiations. As to the French islands, there is no indication that the American Government has ever made an effort to obtain them. But they seem of little value to France, which has largely neglected them. This fact, and the frequent unofficial suggestion that they might properly be accepted as part payment of the war debt due from France to the United States, led the French Ministry of Colonies to issue a statement, on September 30, 1920, that no cession of French Oceania was considered or would be considered. Nevertheless, it is not entirely impossible that one day these islands will become American stepping-stones from Panama to Samoa.

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AUSTRALIA AND THE PACIFIC

By C. Hartley Grattan

IT has become a platitude to say that in the future the Pacific will be a principal arena of international politics. Nevertheless, there is a disposition among political writers to assume that the political jousters will be the United States, Japan, Russia and China, as legitimate participants because of the fact that they face the Pacific, and the various European powers as intruders. The potential parts to be played by New Zealand, Canada and particularly Australia seem forgotten. New Zealand follows much the same lines of policy as Australia, and Canada has more or less the same interests as the United States, but Australia, a power controlling a continent, is beginning to project a policy of her own. True, Australia's foreign policy has never been clearly formulated, but it would be inaccurate to say that it does not as yet exist. Today its two fundamental points are, one, control of the contiguous islands as a measure of security, and, two, defense against any forcible contravention of Australia's racial policy — the "White Australia" policy — which excludes all yellow, brown and black peoples. A subsidiary matter that deserves some consideration is Australia's economic policy in the South Seas.

CONTROL OVER NEIGHBORING ISLANDS

When Captain Arthur Phillips was sent out to Australia in 1788 with his civil and military officials and convicts to establish Botany Bay his commission gave him authority over "the islands adjacent to the eastern coast of New Holland," as Australia was then known. At various times his successors asserted their right to rule over Tahiti, Fiji and New Zealand. Subsequently the right over all these places was disclaimed. Tahiti has never been reclaimed; sovereignty over New Zealand was later formally established; Fiji became a part of the British Empire in 1875, as anyone unfortunate enough to visit Suva may read on a small monument. The point is, however, that the sweeping authority of the original commission was whittled down until the only islands claimed were Tasmania and Norfolk Island and Lord Howe Island, these last two lying roughly between Australia and New Zealand. It is interesting to trace Australia's expansion from this beginning.

Since its founding, Australia has never been really menaced by a foreign power, though there have been a number of "scares" over the activities first of France and then of Germany. Two French vessels under Laperouse, then on an exploring expedition, had visited Australia before Phillips had landed his convicts. Another French expedition under Baudin engaged in exploration on the Australian coast in 1802. Neither of these expeditions implied designs upon the country, but the English feared that they did and consequently established precautionary settlements (some short-lived) in Tasmania, at Port Phillip and elsewhere. During the Napoleonic Wars the possibility of a French expedition to destroy Sydney was discussed, and indeed actually ordered by Napoleon, but it could not be carried out because of the strength of the British Navy in the South Seas. The victory of Nelson at Trafalgar destroyed even the remotest possibility of French aggression, yet in 1824 when the French Government sent

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another scientific expedition into the South Seas precautionary settlements were again established by the alarmed English. It was not until 1829, however, that England laid formal claim to the whole of Australia. She made good her claim through her sea power.

The French next entered the Australian horizon in connection with New Caledonia. France took possession of the island in 1853 and established a penal settlement there in 1863. Later on, at Australia's suggestion, the Imperial Government pointed out that Australia considered "the transportation system vexing and its continuance in New Caledonia rather unneighborly." Convictism in New Caledonia was discontinued in 1898. Even more important has been the relation of Australia to the French administration of the New Hebrides. The French economic penetration of the islands started in 1882 and it shortly became obvious that annexation would inevitably follow. The Presbyterian missions from Australia recognized this fact and brought pressure to bear on the governments of the Australian colonies, and they in turn appealed to the Foreign Office, which, in the words of Professor Ernest Scott, "intimated to the French Government that the annexation of the New Hebrides . . . would certainly give offense to Australia." The result was the joint administration of the islands by France and England, established in 1887 and continuing to the present day. This summary of relations with France illustrates the evolution of Australian policy, which at first aimed merely to protect the mainland from falling into foreign hands and later was extended to gaining some control over the destiny of outlying islands.

Relations with Germany did not develop until the Australian policy had reached the second of these stages, but they proved very important. The point of conflict was New Guinea, the largest island in the world. Being so near to Australia, it naturally fell within the range of Australian policy; but it is also illustrative of the slow growth of that policy that no positive action with regard to the island was taken until the 'eighties. In 1874 Sir Henry Parkes, Premier of New South Wales, sent a memorandum to the Imperial Government urging the annexation of New Guinea to secure the safety of Australia. About that time there was a persistent rumor in Australia that Germany intended to take possession of all of New Guinea not claimed by the Dutch, or at least the major portion. These rumors were not believed in England. But so thoroughly did the colonies believe in the necessity of precluding any menacing foreign annexation that the Premier of Queensland, Sir Thomas McIlwraith, despatched an expedition to take formal possession of the territory (April 4, 1883), the cost of administration to be borne by his colony. This act was repudiated by Lord Derby with the statement that: "The apprehension entertained in Australia that some foreign power was about to establish itself on the shores of New Guinea appears to have been altogether indefinite and unfounded, and the inquiries which have been made by Her Majesty's Government have given them the strongest reasons for believing that no such step has been contemplated." The other colonies immediately joined Queensland in urging that Britain nevertheless carry out the annexation. Germany disclaimed any interest in New Guinea. In 1884, however, she cautiously began to indicate that New Guinea might be a suitable field for German enterprise. Even while negotiations with Britain about the matter were in progress, Germany annexed

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the northern part of the unclaimed region. Britain proclaimed a protectorate over the southern portion in October, 1884, and this was changed to a possession of the Empire in 1888. Finally the administration was placed under the Commonwealth in 1906.

The next phase in Australian expansion came during and after the World War. At the outbreak of the war the 300,000 square miles of New Guinea were divided as follows: in Dutch possession, 150,000 square miles; in German possession, 90,000 square miles, including in this figure certain adjacent small islands; in possession of Great Britain, as an Australian dependency, 90,000 square miles, including adjacent small islands. Australian troops occupied German New Guinea on September 17, 1914, and the territory remained under military rule until May, 1921. The only other German possession occupied by Australia was Nauru.[1] In 1919 it was decided at Paris that New Guinea should be entrusted to Australia under a mandate from the League of Nations, and this is its status today. Nauru is governed by an Australian Administrator, but the mandate is held directly by the King. Australia's process of extending control over outlying islands has again reached the end of a definite phase.

THE "WHITE AUSTRALIA" POLICY

The second fundamental in Australian foreign policy — defense against any forcible contravention of her racial policy — has its roots in a purely domestic issue. Curiously enough, Australia's first experience with the international aspects of racial troubles did not result from prohibiting the entry of those she does not now desire, but from their deliberate introduction into the country. The Kanakas, or Pacific Islanders, were introduced into Australia, following 1842, to labor at tropical agriculture, particularly sugar-cane cultivation. They were recruited in the islands by professional labor getters, and the system led to such abuses as to appall the world. Public opinion was revolted and, beginning in 1885, determined efforts were made to bring about the abolition of the system. They remained unsuccessful until the formation of the Commonwealth in 1901, when, in putting the policy of "White Australia" into effect, arrangements were made to repatriate all Kanakas remaining in the country after December, 1906. This was carried out.

Sentiment for a "White Australia" had begun growing up as early as 1850. It arose chiefly out of the conflicts between the white and Chinese miners which took place in the gold fields during the 'fifties and 'sixties, and which served to direct attention to an unusual influx of Chinese. Legislation aiming to stem it was passed in Victoria and New South Wales first, and in the other colonies later. This legislation varied as between colonies, and the severity of the acts also varied from time to time in response to the public state of mind with regard to the Chinese. Attempts were made to achieve uniformity in the legislation of the Intercolonial Conferences (1880–88–96), but to no avail. The "White Australia" policy got its name in the 'nineties and its final formulation in 1901 in the Commonwealth Immigration Act.

Of course the discriminatory legislation provoked Chinese protests, but they availed the Chinese nothing. The protests, made in 1886 and 1887, by the Chinese Minister in London, Lew Ta Jen, are thus summarized by Myra Wil-

[1] Samoa was occupied by New Zealand; the German islands north of the equator by Japan.

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lard, historian of the "White Australia" policy: "The Minister said that the legislation against the Chinese was opposed to international usage, it was incompatible with Britain's obligations under the treaties with China, and it was repugnant to the general spirit of British legislation. He pointed out that there was no such discrimination in the Crown Colonies. Why, then, should it exist in self-governing Colonies? he asked. The Governors in the Australian Colonies had repeatedly borne testimony to the general good conduct of the resident Chinese population, and of their value in developing colonial resources. 'There does not appear, therefore, to be any sufficient reason for their being deprived of the immunities accorded to them by the treaties and the law of nations, or of their being treated differently from the subjects of other Powers residing in the same parts of Her Britannic Majesty's Dominions,' he concluded. Accordingly, he asked Britain to enquire into the subject with a view to the removal of the disability complained of." These protests came to nothing, even though the Imperial Government did try to induce the Australian colonial governments to be more circumspect in phrasing their laws.

Up to 1896 the discriminatory legislation had been applied to the Chinese only, but the Intercolonial Conference of that year recommended its extension to all Asiatics, a course which would bring Australia into conflict with Japan. At the same time the Conference unanimously recommended that the colonies exercise their privilege under Article 19 of the Anglo-Japanese Treaty of 1894 and exempt themselves from the stipulations of the treaty.[2] All the colonies did so except Queensland. She adhered to the treaty in 1897, with special provisions for the regulation of Japanese immigration. The restrictions agreed upon were carefully carried out by Japan herself and hence were not objectionable to her. In 1899 Queensland attempted to prohibit Japanese immigration, but Japan protested, and an arrangement was made whereby only enough Japanese were allowed to enter Queensland to keep the number at status quo. In 1897 Japan protested to no avail against having her people directly classed with Kanakas, Negroes, Indians and other Eastern peoples. When the Commonwealth Immigration Act was passed in 1901 with the same direct exclusions (the educational test prescribed "50 words in a European language"), Japan protested again and at great length. She even carried her case to London, but the Imperial Government refused to interfere. It was not until 1905 that Australia modified the act to read "50 words in any prescribed language." With this ambiguity Japan must pretend to be satisfied.

It is much easier to point out the specific collisions brought about by Australia's racial policy than it is to arrive at an estimate of its total significance. Statements about the matter made by Australians and Japanese, or even such Americans as know that Australia is a factor in Pacific politics, are usually rhetorical and vague. As a rule Japanese politicians disclaim any hostile feeling toward Australia, but somehow their utterances are unconvincing. Japan is on the verge of a severe population crisis. China, particularly Manchuria, though it serves as a field for commercial enterprise, does no offer an opening for any considerable immigration, nor does any material part of Japanese emigration naturally flow to South America. Australia is Japan's logical outlet.

[2] This is a pertinent place to note that Australia and Canada in 1921 successfully insisted that the Anglo-Japanese alliance, in the form it had then assumed, be abandoned.

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Australia's present population is something more than 6,000,000. Setting aside all considerations about geographical and climatic difficulties, we may note that the maximum population which she can support is estimated to be 60,000,000. In other words, 60,000,000 white people, at the present range of white adaptability, can live in Australia. How many more of other races it can accommodate no one has yet bothered to figure with any exactitude, but a rough estimate would perhaps say 20,000,000 Asiatics in regions unadapted to the white race. This gives us the enormous figure of 74,000,000 for the possible increase of the Australian population. It is generally conceded that Australia's present rate of increase is not fast enough for economic necessities, however "normal" it may be to biometricians, and however much any acceleration may be hampered by lack of capital. Australia's "White" policy demands, then, that she be allowed to take her time about bringing her white population up to 60,000,000 and that she be allowed permanently to keep idle such lands as are not adapted to the uses of white men. Such a policy, André Siegfried has remarked, is "local and one-sided . . . and therefore neither international nor stable." And the maintenance of the policy is, in the last analysis, "a question of force, diplomatic force if there is sufficient prestige, or military force if necessary."

Australia, we see, is doing on a larger scale what the United States and Canada are doing on their Pacific coasts. All three countries appear to have a "white consciousness" in common. Of all the countries on the Pacific littoral, they alone are exclusive. Since Australia has perhaps the greatest stake in any breaking down of the precariously maintained racial balance on the Pacific, she is a major factor in the politics of the region.

ECONOMIC POLICY TOWARD THE ISLANDS

Australia has not taken any great part in the economic development of the Pacific Islands, and shows little interest in developing trade with them. The former may be due in part to the fact that the bulk of her capital is required at home and in part to indifference; the latter we may put down to shortsightedness and indifference.

One would naturally expect that Australians would take a particular interest in developing their holdings in New Guinea, but such is not the case. F. W. Eggleston, chairman of the Australian delegation at the conference of the Institute of Pacific Relations, has written: "The mandate involves heavy obligations. We are not supplying either Papua (as the Australians call their part of New Guinea) or New Guinea with adequate capital. They are obviously undercapitalized, even so far as the Government is concerned, while the capital for development cannot be supplied by Australia." Seeking to bring about a rational consideration of the problems, he asks two questions: "(1) Are we going to assist our own territories in the Pacific with adequate capital for development, or, if we cannot supply it ourselves, allow other capitalists to do so? (2) Is it right or beneficial to protect our own Australian industry from island products? For the benefit of banana-growers in Queensland we have destroyed our trade with Fiji, and, no doubt, have impaired the development for the islands. The Queensland sugar industry has been so tied up with artificial legislation that it is difficult to see how it can be extricated without destroying the

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industry, but if a few men start growing peanuts and other tropical crops in Australia, are we going to give them protection against the Islands? If so, we have no claim to handle the Islands. I have no hesitation in saying also that we are short-sighted, because the economic development of the Islands will be of the greatest value to Australia."

This, in essence, presents the economic aspect of Australia's Pacific relations. It appears that she cannot supply capital to develop such territory as she directly controls, and that she prefers to develop her mainland tropics at the expense of natural and normal trade with the islands.

MEASURES FOR DEFENSE

Pleading in the House of Commons in March, 1924, for the continuation of the Singapore project, Viscount Curzon asked how the Australians, if they do not want Japanese immigrants, are to keep them out, and added: "There is only one way—to show them that you are a country able to close the door and to say, No!"

Here is the motive behind Australia's defense program. But it is a very chaotic program. There is little disposition to spend any large sums on defense measures, the feeling being that all available money should be put into productive works. Though Australians take a very considerable pride in the exploits of their forces during the World War, both on land and sea, they are not tremendously interested in peace time armies and navies of their own. Consequently, Australia's standing army is of no particular importance, nor is her navy. Commercial aviation is making rapid strides, but little attention is paid to dire prophecies that Sydney and Melbourne could easily be bombed from enemy bases established in the uninhabited Northern Territory. Australia seems to rely on the statement of Stanley Baldwin: "The major responsibility for matters of foreign affairs and defense still rests with the Government of Britain." The key to Australian defense is Singapore and the defensive weapon is the British Navy. Australia contributes more per person to *imperial* defense than any dominion in the Empire. In that way she satisfies the need she feels for defense.

If Britain has a vital interest in the issues at stake in the Pacific, so does America, for her territory abuts upon it. But Britain realizes much more than does the United States the part Australia is to play. Americans are too apt to envisage the Pacific as including only the nations bordering on the North Pacific. A writer in a recent number of *The Annals* chose as his subject "The United States as a Power on the Pacific Coast." His sole reference to Australia was this: "America today is the largest white power on the Pacific Coast. Except *Australasia*, Canada and Russia, no others have Pacific littorals." The rest of the article concerned Japan, Russia, the United States and China.

There are 800,000,000 people in Eastern Asia, Western America and the Islands. Of these, 600,000,000 are Asiatics. Australia feels that her existence depends on the maintenance of the present balance between white and Asiatic peoples. Certain aspects of American public policy indicate that many persons in the United States have similar feelings. It is strange that they have so universally failed to take account of Australia in their calculations.

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FOREIGN CONCESSIONS IN CHINESE HANDS

By Harold S. Quigley

FOREIGN residential areas in China are classed as "settlements" and "concessions," but the two types are similar, both being regions set apart by the Chinese Government within which foreigners may reside and lease land. In some eleven instances, local administrative agencies have been set up by foreigners and these agencies have been recognized either formally or tacitly by the Chinese Government. The theoretical distinction between a settlement and a concession lies in the methods by which the land in it is leased from the Chinese Government. In the concession, as a rule, the entire area is leased by a single foreign state which pays a rental for it; parcels of land are then subleased by the foreign state to private lessees. In the settlement there is no general lease undertaken by a foreign government, but private lessees obtain their properties directly from the local Chinese authorities. This distinction in landholding arrangements does not hold in some of the areas, and the terms settlement and concession have come to be used interchangeably.

Several of the concessions have reverted, in one way or another, to Chinese ownership. Hankow originally contained concessions of Great Britain, France, Russia, Japan and Germany. At present only the Japanese and the French concessions are left. The Russian concession was terminated by the Chinese mandate of September 23, 1920; the German concession by the mandate of March 16, 1917, which broke diplomatic relations with Germany; and the British concession by an agreement of February 19, 1927, which took effect on March 15 of the same year. On the same date the British concession at Kiukiang ceased to exist. The areas were designated by China as special administrative districts.

Originally there were eight concessions at Tientsin — Russian, German, Austro-Hungarian, Belgian, British, French, Japanese, and Italian. Today the first four no longer exist. The Russian and German concessions were terminated simultaneously with those at Hankow, and the Austro-Hungarian by China's declaration of war on August 14, 1917. On January 17, 1927 the Belgian Minister at Peking informed Premier Wellington Koo that Belgium was ready to turn over her concession at Tientsin. The Premier expressed his appreciation of this voluntary act and replied that a committee of experts would be appointed to take over the concession, which has never been developed to any extent. Negotiations were carried on for a time between Great Britain and the Peking Government looking toward the retrocession of the British concession at Tientsin, but those negotiations were suspended.

The governments of the various concessions have been more or less similar in character. The usual organization is a council of from three to ten members, elected by the rate-payers, with the consular officer of the Power holding the concession as chairman. In the British concessions the tendency has been for the council to take precedence over the consul in the determination of policy, while in the continental European and in the Japanese concessions the consul

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has had a more important share in administration. The rate-payers meet annually, or on special summons, to consider business brought before them by the chairman of the council and to elect members of the council. In a few instances there have been Chinese members on the councils.[1]

THE GERMAN CONCESSIONS AT TIENTSIN AND HANKOW

On October 5, 1917, the Chinese Foreign Office sent a note to the Diplomatic Body undertaking to "elaborate" a system of municipal administration of the special administrative district which should make it a model "commercial settlement." This note referred to the government to be provided for the former German and Austro-Hungarian concessions at Hankow and Tientsin. The regulations for the government of these concessions were set forth in *The Official Gazette*, in December, 1920. They provided for a special municipal bureau of administration, the chief of the bureau to be appointed by the central government. An advisory council of nine members was to be constituted; the chief of the bureau was to be its chairman, and the remaining members were to be in part foreigners, in part — at least four of them — Chinese. While it appears at once that these regulations discontinued the older relationship of the foreigners to the municipal council, it is to be remembered that they did not alter the legal relationship between the council and the administrative head of the concession but simply substituted for the consul the Chinese bureau chief.

The regulations were not, however, brought into effect. The advisory council was not set up and the concessions have been administered by Chinese officials. Regarding the conduct of the Chinese administration some foreign comment has been unfavorable. There has been complaint of the physical upkeep of the concessions and of increases in taxation. At a meeting of foreign residents and owners of property of the ex-German concession at Tientsin on January 15, 1923, resolutions were passed requesting action by the central government instructing the local officials to establish the council and bring the regulations into effect.[2] On February 22 of that year a resolution of the British Chamber of Commerce at Shanghai protested "with regret and concern the complete absence of progress toward the establishment of properly constituted municipal government in the ex-enemy concessions at Hankow and Tientsin."[3] In May, 1923, the Diplomatic Body sent a strongly-worded protest to the Chinese Foreign Office on the same subject.[4]

As the January resolutions had no effect a meeting of residents and property-owners of the ex-German concession in Tientsin on June 1, 1923, went so far as to threaten to withhold the payment of taxes. They also demanded the establishment of true council government for the concession. A severe editorial in the *North China Herald* on August 3, 1923, concluded: "It is common knowledge, of course, that the Chinese administration of the enemy concessions in China has been found sadly lacking in many respects." The same paper, on March 14, 1925, carried this statement from its Hankow correspond-

[1] For example, in Shanghai. Cf. "The International Settlement at Shanghai," by Manley O. Hudson, FOREIGN AFFAIRS, Vol. 6, No. 1.

[2] *Peking and Tientsin Times*, Jan. 16, 1923. [3] *Ibid.*, Feb. 26, 1923.

[4] *Peking and Tientsin Times*, June 2, 1923.

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ent: "Special Administrative District No. 1 [the official title of the ex-German concession at Hankow] was turned over to an irresponsible group of Chinese office-grabbers who looked upon their position merely as a means of adding to their personal wealth." The correspondent of the *North China Herald* at Wuchang wrote with gentle irony in connection with the second group of district regulations, those for the ex-Russian concession: "To many minds the letters 'S. A. D.' appear singularly appropriate considering the sad state of affairs into which S. A. D. No. 1 has been allowed to lapse since its appropriation by the Chinese."[5]

On the other hand, an American official in the Salt Gabelle, who resided in the ex-German concession at Hankow throughout the earlier period of Chinese administration, has spoken in an opposite tone of the work of the Chinese officials. He has stated, in an unpublished communication, that the municipal services were satisfactorily maintained, that the streets were kept in good condition, that the lighting was excellent, that in general public functions were carried on quite as they had been before. Even the budgeting was conducted in a businesslike way. The roads, according to this observer, were even better maintained than in the British concession. The official in charge of the area was a civilian. The policing was carried on under the chief of police of the Hankow district as a whole.

THE RUSSIAN CONCESSIONS

In a note of October, 1920 to the Diplomatic Body the Chinese Government stated: "As for the Russian concessions, the Chinese Government will take over the management of all administrative affairs within their limits temporarily without introducing any changes. Should circumstances, however, make it necessary to make improvements, the Chinese Government may also make these improvements according to circumstances."[6] It was the aim of the Russians to get the Chinese Government to leave the municipal administration of their concessions to them, even though diplomatic relations had been broken off. Their idea was that the Chinese supervision should be merely nominal until such time as relations with Russia should be resumed. In this program they were successful to a large extent. At Hankow the municipal council carried on as before. The police were not changed, even continuing to wear the old Russian tri-colored badges on their caps. At Tientsin the Chinese commissioner for foreign affairs became responsible for the government of the concession and assumed the chairmanship of the municipal council which was composed to a considerable extent of non-Russians, principally British and Americans. At first the foreigners refused to act, but by the end of the year they had changed their minds. In November, 1920, the Diplomatic Body was protesting against the taking of police authority away from the council, asserting that this change was contrary both to the Chinese statement that it would make no changes other than improvements and also to the regulations of the concession. To this note the Chinese Government replied that the commissioner for foreign affairs, having been appointed to take over the functions of the Russian consul, had certainly the right to exercise control in all affairs. This statement is in harmony with the treaties, although, as above pointed out, it cuts across the

[5] *Ibid.* [6] "China Year Book, 1921–2," p. 629.

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council's powers as they had developed in practice. The Chinese Government, however, met the foreign objection partially by appointing the former Russian chief of police as assistant chief.

The most serious issue that arose at Tientsin concerned the right of the Chinese Government to sell unoccupied land in the concession. This land was worth about one and a half million taels and the government made an attempt, as early as April, 1921, to dispose of it. This first attempt was successfully withstood, but subsequently the government declared that having succeeded to all the official powers of Russia it was legally in a position to sell the land leased by Russia under the concession. Apparently, since most of the objections came from non-Russians, there was some fear among the British, Americans and other foreigners lest a fall in land values would follow the sale of lands at a discount or to Chinese owners. Another aspect of the land question was raised when the local Chinese court insisted that lands transferred on forced sale must go only to Chinese.

Following the signing with Russia of the agreement of May 31, 1924, this régime at Hankow and Tientsin came to an end and the Chinese Government proclaimed in its place the new scheme of administration which has been called "the special administrative district." This new system was not brought into effect at Hankow, however, until March 2, 1925 (though the concession was taken over without ostentation eight months earlier), and it has not yet been applied at Tientsin. On August 6, 1924, the civil governor of Chihli simply declared the council of the former Russian concession at Tientsin dissolved and placed the area under the administration of one of his subordinates.[7] The first annual meeting of rate-payers at Hankow was held on April 4, 1925. Four Chinese, two British and one Russian were elected to the council. The chairman of the council, one of the four Chinese members, was a civilian, holding *ex officio* as Hupeh commissioner of foreign affairs.[8] The first anniversary of the new system of government was celebrated on March 1, 1926. The Central China correspondent of the *China Weekly Review* reported at that time that: "The administration of this district after one year's experiment is admitted to be a success in most respects."

THE BRITISH CONCESSIONS AT HANKOW AND KIUKIANG

The occupation of the British concessions at Hankow and Kiukiang by the Nationalist Government came as a "bolt from the blue." Not that it was unpremeditated. In August, 1924, the Hupeh provincial assembly addressed a memorial to the governor of that province requesting him to approach the department of foreign affairs at Peking to secure the return of the British concession. On March 12, 1926, the British municipal council voted unanimously to appoint a committee to investigate the matter of Chinese representation on the council. Nothing had come of either of those motions when, on January 7, 1927, to quote the *Times* of London: "the Union Jack was hauled down on the British municipal building in Hankow and the British concession passed under the control of Chinese troops through a combination of violence and trickery." Immediately preceding the occupation of the concession mobs

[7] *North China Herald*, July 5, Aug. 9, 1924; Mar. 7, 1925.

[8] *China Weekly Review*, April 11, 1925, p. 174.

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had swarmed through the streets and the British marines had been withdrawn in order to save bloodshed, under promise from the Nationalist foreign minister, Eugene Chen, that order would be kept by the Nationalist forces. British marines were also withdrawn from Kiukiang where considerable damage was done to foreign property. The withdrawal of the marines was a signal to the Chinese troops to take possession. The administration of the Hankow concession was taken over temporarily by a board of three ministers of the Nationalist Government, Eugene Chen, Sun Fo and T. V. Soong, who issued the following statement: "In accordance with the mandates of the central executive committee of the Kuomintang and the committee of the Nationalist Government, we assumed office on January 7 as council for the provisional administration of the British concession, taking care of public safety and all municipal matters in the area, and have begun to use the seal authorized by them."

Following the occupation of the concession, Mr. Owen O'Malley, Councillor of the British Legation in Peking, was sent down to Hankow. After six weeks of discussion an agreement was signed on February 19 according to which the concession was to be formally surrendered on March 15. News of the signing of this agreement was loudly cheered in the House of Commons. The British Government further agreed to hand over the concession at Kiukiang on the same date, the Chinese authorities undertaking to confirm the bund frontage licenses. The Nationalist Government paid $40,000 (Mex.) as compensation for the looting at Kiukiang.

The agreement between the Nationalist Government and Great Britain was accompanied by a set of regulations similar to those previously devised for the ex-German and ex-Russian concessions, and the ex-British concession was entitled "Special Administrative District No. 3." Reference has been made above to the principal terms of the regulations for S. A. D. No. 1. Those provided for the second and third districts follow the model set by the earlier document. Each district is provided with a Chinese director and a council of seven. The director is designated *ex-officio* chairman of the council, and is appointed by the minister of foreign affairs of the Nationalist Government. The council in each case is elected annually at the general March meeting of rate-payers.

The council's powers are broad but subject to review by the higher authorities, to whom the director is responsible. Both sets of regulations authorize the council "to discuss and decide all questions connected with the management and administration of the district." Provisions respecting a quorum and the votes required to pass a measure enable the Chinese members to control action. The council has no taxing powers nor does it prepare or sanction the budget. Financial and other powers of importance rest with the annual meeting, but in its case also the decisions taken may be suspended or annulled by the higher authorities if they regard them as "derogatory of China's sovereignty or dignity as a sovereign state."

The Hankow minister of foreign affairs announced in March, 1927, the appointment of the former mayor of Wuchang, a civilian, as director of the new council. Three other Chinese were appointed to the council and three members of the British community also were designated. The unusually disturbed conditions at Hankow during this period made it extremely difficult for the council to

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operate at all and apparently it was only the request of the British consul-general that influenced the British councillors to withhold their resignations. It was reported that the work of the council was being interfered with by Nationalist labor and government representatives who insisted on being present at council meetings and on intervening in the proceedings. Another criticism was that the Chinese were finding it difficult to distinguish between political and municipal functions and were inclined to regard the concession as a political prize and a source of individual and illegitimate profits.

On May 17, 1927 Mr. Basil Newton, British representative at Hankow, handed to Eugene Chen a note stating that his government had been "forced to the conclusion . . . that [his] retention . . . at the seat of a régime so totally incapable of discharging the responsibilities of a civilized government [was] both useless and undesirable;" and that he therefore was leaving Hankow. The note made no reference to any difficulties in the joint administration of the new special district, but indicated that the action was based upon the failure of the Hankow government to protect British citizens in the area claimed to be under its control. With reference to the Hankow situation the note simply said: "Of the conditions existing at Hankow itself it is hardly necessary to speak. The trade of the port is at an almost complete standstill whilst the withdrawal of so many of its residents evidences sufficiently the general feeling of insecurity." Since that date several protests have been heard from British residents of the concession and from trading interests in the "City" against the failure of the Chinese authorities to put the Chen-O'Malley agreement into effect. However, as to the relation between British control and British trade, Mr. H. J. Brett, a British commercial counselor, after an investigation of the Yangtze ports in August and September, 1927, stated in his report that "from a purely commercial point of view the alteration in the status of the former British concession at Hankow contributed only in a minor degree to the loss of British trade at that port [since] a large proportion of the leading British firms at Hankow have their factories and other premises outside the area."[9] The British Government has refused consistently to re-occupy the concession, while lending its efforts to a revision of the agreement in the interest of freeing the council from the control of the director of the district. Speaking in the House of Commons on Feb. 29, 1928, Sir Austen Chamberlain stated that the Sino-British Council was functioning as well as could be expected in the difficult circumstances of the moment. American consular advices of May, 1928, reported "greatly improved conditions in the Chinese-British administration of the former British concession."

One may conclude from the very brief history of the returned Chinese concessions that the record of Chinese administration, while far from perfect, is better than many foreigners who have lived in China would have anticipated. In all cases there has been a marked tendency to reduce foreign influence from control to advice. Administration, however, has been tolerable, in some instances remarkably good. A major factor in the Hankow area has been the shifting of authority from faction to faction and the constant existence or imminence of civil strife. With the recent improvement in political conditions we may expect a corresponding improvement in concession administration.

[9] *North China Daily News*, Nov. 12, 1927.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

General International Relations

NATIONALISMUS UND IMPERIALISMUS. By Heinrich Schnee. Berlin: Hobbing, 1928, 375 pp. M. 10.

It can hardly be said that much has been added to our knowledge of nationalism and imperialism by these lectures, delivered at the *Hochschule für Politik* in Berlin by the former governor of German West Africa. As a general introduction the book may serve a useful purpose, but the author makes no attempt to dig deeply and has no new views to suggest. After a conventional definition of terms and a brief survey of the rise of nationalism and imperialism as dominant forces in the modern world, he outlines the expression of these forces in the British Empire, the United States, Japan, Russia, France and Italy, concluding with two chapters on the present situation and the probable developments of the future. By and large, the discussion is well-balanced and the writer attempts to be scrupulously fair, but he is speaking especially to the German student and views the situation from the German standpoint. He takes full advantage of the concluding chapters to expound the usual German views regarding the injustice of the peace treaties, the dangers to peace arising therefrom, and the desirability for revision with special reference to minorities and colonial control.

THE PRAGMATIC REVOLT IN POLITICS. By William Y. Elliott. New York: Macmillan, 1928, 557 pp. $3.75.

In this learned and profound study the Harvard professor attempts to get at the root of the present day spirit of revolt against the constitutional liberal State of the nineteenth century and to discover the philosophic basis underlying the most recent political thinking and practice. An examination of the pragmatism of James leads to a discussion of the attacks of men like Laski and Sorel upon the idea of the omnipotence of the State and to a critique of their suggestions for a pluralistic organization of society. On the other hand, the philosophy of Dewey, it is shown, leads to the ideas set forth in Duguit's *Law and the State* and ultimately to Mussolini's Fascism, of which a careful and thoughtful analysis is given. No brief note could do justice to the author's closely reasoned argument or wealth of illustrative material, but it may be said with confidence that the book is one which should not be overlooked by anyone interested in current political problems or in the intellectual factors which underlie political action.

THE DOCTRINE OF NECESSITY IN INTERNATIONAL LAW. By B. C. Rodrick. New York: Columbia University Press, 1928, 204 pp. $4.00.

A timely, careful study.

THE RESPONSIBILITY OF STATES IN INTERNATIONAL LAW. By Clyde Eagleton. New York: New York University Press, 1928, 315 pp. $6.00.

A scholarly investigation of the responsibility of states for actions of agents and individuals, mobs and civil wars, with a discussion of the need of law codification.

FREEDOM OF THE SEAS. By J. M. Kenworthy and George Young. London: Hutchinson, 1928, 284 pp. 18/.

The authors review the history of armed neutralities and international agreements and end their stimulating though rather inadequate book by proposing an Anglo-American League to enforce the freedom of the seas.

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THE DRAFTING OF THE COVENANT. By David Hunter Miller. New York: Putnam, 1928, two volumes, $15.00.

This is not a book for the general reader, but rather an exhaustive and scholarly examination of the making of the covenant. It will immediately take rank with the most important literature on the history of the League and is bound to remain a standard treatise on the subject. The author, whose volume on the Geneva Protocol is well known, was one of the American legal advisers during the Paris Peace Conference and was active in framing the agreement which set up the League. Without attempting to trace the earlier ideas of a League of Nations from the seventeenth century on, he takes up, in the first volume, the various plans with government authority behind them, beginning with the Phillimore draft, and examines all later proposals, including the various Wilson projects. The modifications brought about during the Peace Conference by the debates in the Commission for a League of Nations are analyzed in great detail, the author making use of his own recollections and of a considerable amount of hitherto unpublished material. The second volume, which is devoted entirely to the publication of forty of the most important documents, is a source book of prime importance.

THE ORIGINS OF THE LEAGUE COVENANT. By Florence Wilson. London: Hogarth, 1928, 260 pp. 10/6.

This volume, by the former librarian of the League, was published within a week of the preceding. It consists primarily of a careful analysis of the text of the Covenant, article by article, in the light of the discussions at the Peace Conference.

L'OEUVRE DE LA COUR PERMANENTE DE JUSTICE INTERNATIONALE. By B. de Francqueville Paris: Éditions Internationales, 1928, two volumes, Fr. 150.

Exhaustive and authoritative.

LA QUESTION DES STUPÉFIANTS MANUFACTURÉS ET L'OEUVRE DE LA SOCIÉTÉ DES NATIONS. By Michel Liais. Paris: Sirey, 1928, 208 pp. Fr. 30.

The Director of the *Revue Générale de Droit International Public* reviews the question of opium and drugs, with special reference to the agreements of 1925.

DAS INTERNATIONALE SCHULDENPROBLEM. By Johannes Friedrich. Leipzig: Akademische Verlagsgesellschaft, 1928, 352 pp. M. 15.

A thorough review of the origins and present status of international indebtedness.

THE MYTHOLOGY OF REPARATIONS. By Robert C. Long. London: Duckworth, 1928, 200 pp. 6/.

A substantial study, based upon eight years of investigation, with particular reference to the working of the Dawes Plan.

International Relations of the United States

HISTOIRE DE LA PENSÉE ÉCONOMIQUE AUX ÉTATS UNIS. By Ernest Teilhac. Paris: Sirey, 1928, Fr. 25.

A satisfactory review of American economic thought in the nineteenth century.

THE RECOGNITION POLICY OF THE UNITED STATES SINCE 1901. By Taylor Cole. Baton Rouge: Louisiana State University, 1928, 104 pp. $2.00.

The author concludes that we have been consistent in recognizing governments or states that are stable and willing to fulfil their international obligations.

AMERICAN POLICY TOWARDS RUSSIA. By Frederick L. Schuman. New York: International Publishers, 1928, 399 pp. $3.75.

This much-needed review of American relations to Russia during the past decade

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should be especially welcome to those who are weary of polemical writings pro and con. Dr. Schuman, an instructor in the University of Chicago, has set himself the task of writing a scholarly treatise on the vicissitudes of our relations with Russia since the revolution of March, 1917, and has made use of all available published and some unpublished documentary material, to say nothing of newspapers and periodicals and other writings which may be taken as expressions of public rather than of official opinion. The latter part of the book is devoted to an examination of the reasons for the withholding of recognition on the part of the United States, with special reference to the questions of Bolshevik propaganda and mutual financial claims.

WE FIGHT FOR OIL. By Ludwell Denny. New York: Knopf, 1928, 297 pp. $3.00.

A well-documented though somewhat sensational account of the Anglo-American rivalry, with an interesting discussion of the situation in Colombia.

SELECTED ARTICLES ON INTERALLIED DEBTS AND REVISION OF THE DEBT SETTLEMENTS. Edited by James T. Gerould and Laura Turnbull. New York: Wilson, 1928, 524 pp. $2.40.

Articles pro and con, with pertinent documents and a bibliography.

THE WAR DEBTS: AN AMERICAN VIEW. By Philip Dexter and John H. Sedgwick. New York: Macmillan, 1928, 180 pp. $1.50.

After rejecting the European arguments for cancellation, the writers advance arguments based upon considerations of American interest.

Western Europe

THE MEMOIRS OF RAYMOND POINCARÉ. Translated and Adapted by Sir George Arthur. Volume II. Garden City: Doubleday Page, 1928, 333 pp.

The second volume of the abbreviated translation, covering volumes III and IV of the original, which have already been noted in these pages.

THE WAR GUILT. By H. W. Wilson. London: Sampson Low, 1928, 366 pp. 21/.

A survey of the diplomatic background of the war, beginning in 1871. The author salvages what he can of the entente thesis.

DIE KRITISCHEN 39 TAGE VON SARAJEWO BIS ZUM WELTBRAND. By Eugen Fischer. Berlin: Ullstein, 1928, 278 pp. M. 4.50.

An excellent, though somewhat dramatized account of the events of July, 1914, designed for the interested layman.

TROIS AMBASSADES FRANÇAISES À LA VEILLE DE LA GUERRE. By François Charles-Roux. Paris: Plon, 1928, 228 pp. Fr. 12.

A prominent French historian writes an appreciative account of the remarkable work of the Cambon brothers at London and Berlin, and of Barrère at Rome.

LA NEUTRALITÀ ITALIANA. By Antonio Salandra. Milan: Mondadori, 1928, 476 pp. L. 35.

The former Italian premier writes a vigorous defence of his country's action in 1914–1915. No revelations are made, but the author presents a strong case in behalf of the Italian position, arguing that the Austrians were not engaged in a defensive war and that consequently there was no *casus foederis* for the Italian Government. The review of the negotiations with both the Central Powers and with the Allies is well done, and the blunders on the German and Austrian side are set into high relief. For example, Signor Salandra asserts that the Germans threatened to raise the Roman question if Italy denounced its obligations, which made the Italian Government more suspicious than ever of what might happen in case of their victory. In dealing with the discussions between the Italian Government and the Allies the author is very careful; the indica-

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tions are that there was more than he reveals, but the references are so veiled that no definite conclusions can be formed. On the whole, however, the book is an important contribution from the Italian side.

FALSEHOOD IN WARTIME. By Arthur Ponsonby. London: Allen and Unwin, 1928, 192 pp. 2/6.

A well-known English radical deals inadequately with a large question. He discusses the garbling of the colored books in 1914, and reviews an assortment of lies circulated in England during the war. Some of his statements, as those regarding the errors of German propaganda in the United States, are highly naïve.

URKUNDENFÄLSCHUNG UND BETRUG IM WELTKRIEGE. By Harry Trommer. Leipzig: Wiegandt, 1928, 190 pp. M. 8.

The subject is the same as that of Ponsonby's book, but the author attacks it rather as a problem in criminology.

THE NEW DEMOCRATIC CONSTITUTIONS OF EUROPE. By Agnes Headlam-Morley. New York: Oxford University Press, 1928, 306 pp. 8/6.

A good study of the origins, influence and working of the new constitutions.

LA RÉFORME AGRAIRE EN EUROPE. By Arthur Wauters. Paris: Eglantine, 1928, 300 pp. Fr. 15.

The author, a socialist, has written an excellent synthetic study of the agrarian revolution in fourteen different countries, based in part upon personal observation.

ENGLISHMEN, FRENCHMEN, SPANIARDS. By S. de Madariaga. New York: Oxford University Press, 1928, 256 pp. $3.50.

A series of lectures delivered at the Geneva School of International Studies by the former director of the disarmament section of the League. The book is stimulating throughout and about as successful as any study of national characteristics can well be. The author sees the Englishman as the man of action, the Frenchman as the man of thought and the Spaniard as the man of passion, and adduces many brilliant and suggestive examples from the history of each country to illustrate his account. His understanding is unquestionably profound, but the work necessarily suffers from overgeneralization.

LE SENTIMENT FRANÇAIS. By Vicomte E. de la Tour. Paris: Peyronnet, 1928, Fr. 15.

Historical and philosophical studies of the French post-war mentality.

LE RÈGNE DES HARANGUEURS. By L. Marcellin. Paris: Renaissance du Livre, 1928, 320 pp. Fr. 12.

A merciless survey of the past thirty years of French parliamentary life.

ANODIN OU LA RÉPUBLIQUE? By Meran. Paris: Renaissance Moderne, 1928, 361 pp. Fr. 15.

Yet another scathing and truculent satire on French democracy.

MONSIEUR LE PARLEMENT. By Pierre Dominique. Paris: Baudinière, 1928, 320 pp. Fr. 12.

Interesting and searching portraits of some of the leading French parliamentarians.

SAINT SIÈGE, ACTION FRANÇAISE ET CATHOLIQUES INTÉGRAUX. By Nicolas Fontaine. Paris: Gamber, 1928, 210 pp. Fr. 20.

The writer throws light on the *dessous* of the famous conflict, tracing it back to 1903 in a most interesting and penetrating study.

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LA POLITIQUE MONÉTAIRE DE LA FRANCE, 1924–1928. By Pierre Frayssinnet. Paris: Sirey, 1928, 306 pp. Fr. 30.

Not a polemic, but a serious and scholarly study.

LA RÉSTAURATION FINANCIÈRE DE LA FRANCE. By Raymond Poincaré. Paris: Payot, 1928, 114 pp. Fr. 20.

The authentic text of the premier's great speech of February 3–4, 1928, with all the statistics and charts upon which he relied.

LA POLITIQUE COLONIALE DE LA FRANCE. By Albert Duchène. Paris: Payot, 1928, 268 pp. Fr. 36.

The Director of Political Affairs of the Ministry for Colonies reviews the evolution of French policy since the time of Richelieu. An important contribution to the subject.

LA QUESTION MONÉTAIRE EN BELGIQUE DEPUIS LA FIN DE LA GUERRE. By Robert Widmer. Paris: Presses Universitaires, 1928, 404 pp. Fr. 45.

An exhaustive scholarly work.

POLITIK UND GEWALTPOLITIK IN ELSASS-LOTHRINGEN. By Karl Roos. Zurich: Fricke, 1928, 169 pp. Fr. 2.50.

A useful survey of the Alsatian problem.

LA QUESTIONE ROMANA DA CAVOUR A MUSSOLINI. By G. E. Curatulo. Rome: Littorio, 1928, 235 pp. L. 10.

A reliable historical outline of this perennial question.

MUSSOLINI AND THE NEW ITALY. By Alexander Robertson. New York: Revell, 1928, 156 pp. $2.00.

The end justifies the means.

STORIA DEL FASCISMO. By G. Pini and F. Bresadola. Rome: Libreria del Littorio, 1928, 510 pp. L. 15.

A useful review of the history of the movement and the work of the régime.

LA CIVILTÀ FASCISTA ILLUSTRATA NELLA DOTTRINA E NELLE OPERE. Edited by G. L. Pomba. Turin: Torinese, 1928, 685 pp. L. 60.

This is one of the most important books yet published on Fascism, and consists of a large number of authoritative articles surveying all aspects of Fascist thought and activity. Among the contributions may be mentioned the articles by Volpi on the historical development of the movement, by Morello on the dissolution of the old régime, by Gorgolini on the March to Rome, by Gentile on the essence of Fascism, by Cian on the precursors of Fascism, by Torre on the new spirit of Italian foreign policy, by Rollini on the colonial policy, by Alberti on finances. There are other essays on religion, art, legislation, agriculture, industry, the coöperatives, syndicalism, the labor code, the communes, the schools, journalism, the army, the navy, aviation, the organization of youth, and the position of women. The work closes with a bibliography.

L'AVENTURE ITALIENNE. By Silvio Trentin. Paris: Presses Universitaires, 1928, 332 pp. Fr. 15.

A former Italian professor of law and ex-deputy reviews the post-war history of his country and de-bunks the claims of Fascism.

LA POLITICA COLONIALE ITALIANA. By Giuseppe Angelini. Messina: D'Amico, 1927, 63 pp.

A brief outline of the development of Italian policy from the Congress of Berlin to the Tangiers agreements.

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ITALY'S AEGEAN POSSESSIONS. By C. D. and I. B. Booth. London: Arrowsmith, 1928, 324 pp. 16/.

Light is thrown on the present discontent in Rhodes.

DIE URSACHEN DES DEUTSCHEN ZUSAMMENBRUCHES IM JAHRE 1918. Volumes IV, V, VI, VII. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1928, M. 20 per volume.

The second part of the publication of the German parliamentary investigating committee to report on the causes for Germany's collapse. These volumes take up the domestic situation and supply voluminous evidence on conditions in the country and the activities of groups in the Reichstag. Here again no definite conclusion is arrived at in regard to responsibility, which means that the "stab in the back" theory has no more been proved than the theory of Germany's military collapse. The value of these volumes lies in the source material rather than in the conclusions set forth.

DIE DEUTSCHE POLITIK SEIT 1918. By Hans Wolf and Fritz Seidler. Karlsruhe: Müller and Gräf, 1928, 95 pp.

A documentary survey of events, bringing the story to December, 1927. The authors plan to publish annual supplements.

VOLK UND RAUM. Edited by Werner Sombart. Hamburg: Hanseatische Verlagsanstalt, 1928, 218 pp. M. 9.50.

Authoritative opinions on the question whether German territory will support a growing population.

L'ALLEMAGNE MISE À NU. By Georges Blun. Paris: Société d'Éditions, 1928, Fr. 12.

Germany as seen by the Berlin correspondent of the Paris *Journal*.

LA CONFIANCE EN L'ALLEMAGNE. By Wladimir d'Ormesson. Paris: Nouvelle Revue Française, 1928, Fr. 12.

A most stimulating essay on Franco-German relations. The author conceives the problem of an understanding as primarily a psychological one, and begins with a keen examination of the methods by which the two nations learn about each other. After an analysis of the dangers inherent in the modern press system, he investigates the chief reasons for French distrust — disarmament, the patriotic societies, German nationalism, the question of Germany's European position. He then takes up the various questions at issue, such as the occupation of the Rhineland, the Dawes Plan, the *Anschluss* problem, the German-Polish tension and the colonial question. He thinks that all these could be settled satisfactorily by a large scale liquidation and that the road would then be clear for a huge conservative Anglo-French-German combination which would guarantee the peace and security of Europe. While perhaps too optimistic, the book deserves notice.

STRESEMANN. By Rochus Freiherr von Rheinbaben. Dresden: Reissner, 1928, 276 pp. M. 5.50.

A sympathetic study of the foreign minister as a personality and as a statesman.

BEFREIUNGSPOLITIK ODER BELEIHUNGSPOLITIK? By Moritz J. Bonn. Berlin: Fischer, 1928, 141 pp. M. 3.50.

A brilliant discussion of the reparations problem as it confronts Germany and the world at the present time.

DER KAMPF UM DIE SAAR. By Hans S. Weber. Berlin: Deutsche Rundschau. 1928, M. 5.50.

A general history of the question since 1918.

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DIX ANS D'HISTOIRE CONSTITUTIONELLE AUTRICHIENNE. By Charles Eisenmann. Paris: Giard, 1928, 73 pp. Fr. 10.

A brief survey, by a leading French authority.

Eastern Europe

DER AUFSTAND DER NATIONEN. By Eduard Beneš. Berlin: Cassirer, 1928, 755 pp. M. 15.

The German translation of the Czechoslovak foreign minister's war memories, which are to appear in English translation in the near future. In many ways Beneš's account may be taken to supplement Masaryk's recollections. Both are distinctly heroic in theme and have much of an epic quality. In the case of Beneš this is particularly true, for prior to the World War he was not a man of note and his personal rise to influence and power is part of the story of his work for his fatherland. In this volume the whole familiar story is gone over again in great detail and the reader is made to live through the crucial days while the exiled Czech leaders were attempting not only to keep alive the opposition within the Dual Monarchy but to win the confidence of the Allies, to educate the Allied leaders about the situation of the submerged nationalities, and at the same time to build up a fighting force that could lend weight to political arguments. The story is one of the most dramatic and impressive episodes of the world conflict; these memoirs do much to make it more understandable.

GERMANISIERUNG ODER SLAVISIERUNG? By Rudolf Nadolny. Berlin: Stollberg, 1928, 208 pp. M. 6.50.

A reply to Masaryk's book.

INTRODUCTION À L'HISTOIRE HONGROISE. By F. Eckhart. Paris: Champion, 1928, 179 pp. Fr. 12.

A survey of Hungarian history, for the layman.

JUSTICE FOR HUNGARY. By Count Albert Apponyi and others. London: Longmans, 1928, 376 pp. 21/.

The Hungarian view of the Treaty of Trianon, of course with an eloquent plea for revision.

THE TRAGEDY OF TRIANON. By Sir Robert Donald. London: Butterworth, 1928, 348 pp. 7/6.

Another exposition of the Hungarian case, showing signs of very incomplete documentation.

THE HUNGARIAN-ROUMANIAN LAND DISPUTE. By Francis Déak. New York: Columbia University Press, 1928, 286 pp. $5.00.

A scholarly exposition of the well-known controversy, with particular reference to questions of treaty interpretation, the relation between international law and national legislation, the authority of the League, etc.

L'ÉVOLUTION ÉCONOMIQUE DE LA POLOGNE ET LES RÉFORMES MONÉTAIRES DEPUIS 1920. By Costa de Beauregard. Paris: Vrin, 1928, 156 pp. Fr. 15.

A careful scientific study.

L'ANCIEN RÉGIME ET LA REVOLUTION RUSSES. By Boris Nolde. Paris: Colin, 1928, 214 pp. Fr. 9.

An admirable, well-balanced and dispassionate outline of the background and course of the revolution, which the author conceives as a purely Russian movement.

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DANS LA MER NOIRE. By Captain N. Monasterev. Paris: Payot, 1928, 256 pp. Fr. 20.

The recollections of a Russian submarine officer, covering the period from 1912 to 1924 and recounting the naval engagements of the war in the Black Sea as well as the course of the revolution in the navy.

THE RUSSIAN REVOLUTION. By James Mavor. London: Allen and Unwin, 1928, 472 pp. 21/.

Perhaps the best single account available in English; scholarly, well-informed and sufficiently stressing the economic aspects.

DER KAMPF UM DIE KOMMUNISTISCHE INTERNATIONALE. Berlin: Fahne des Kommunismus, 1928, 176 pp. M. 25.

Purporting to be a collection of documents from the side in opposition to Stalin.

LENINISM. By Joseph Stalin. New York: International Publishers, 1928, 472 pp. $2.50.

The translation of a collection of speeches and articles published two years ago, but well expressing the views of the Russian leader.

THE REAL SITUATION IN RUSSIA. By Leon Trotsky. New York: Harcourt Brace, 1928, 364 pp. $2.00.

The case against Stalin and his policy, vigorously set forth in speeches and memoranda by the exiled leader of the opposition.

THE CHALLENGE OF BOLSHEVISM. By D. F. Buxton. London: Allen and Unwin, 1928, 95 pp. 2/6.

A discerning little essay, growing out of a visit to Russia.

SOVIET RUSSIA IN THE SECOND DECADE. Edited by Stuart Chase and others. New York: Day, 1928, 387 pp. $4.00.

A joint survey by the technical staff of the first American Trade Union Delegation.

RUSSIA IN RESURRECTION. By an English Europasian. London: Routledge, 1928, 282 pp. 7/6.

A hopeful account of the situation.

MOSCOW SANS VOILES. By Joseph Douillet. Paris: Spes, 1928, 252 pp. Fr. 12.

The former Belgian consul to Moscow, a resident in the country for thirty-five years, gives an unvarnished and not very alluring account of present conditions.

SOVIET TRADE UNIONS. By Robert W. Dunn. New York: Vanguard, 1928, 257 pp. 50¢.

One of the admirable little hand-books recently published in the Vanguard series.

LA ROUMANIE NOUVELLE ET SES RICHESSES MINIÈRES. By Aurel P. Iancoulesco. Paris: Gamber, 1928, 384 pp. Fr. 60.

A thorough account of the country's resources in petrol, coal, natural gases, etc.

ROUMANIA TEN YEARS AFTER. Boston: Beacon Press, 1928, 152 pp. $1.50.

Social and political conditions as seen through the eyes of the American Committee on the Rights of Religious Minorities.

LA BULGARIE DEPUIS LE TRAITÉ DE BERLIN ET DE LA PAIX DANS LES BALKANS. By Ivan Slivensky. Paris: Jouve, 1927, 222 pp.

A good brief survey, rather weak on the war period, but enlightening on the question of Macedonia and relations with Italy, Jugoslavia and Albania.

DELLE GUERRE BALCANICHE, DELLA GRANDE GUERRA ET DI ALCUNI FATTI PRECEDENTI AD ESSE. By A. de Bosdari. Milan: Mondadori, 1928, 225 pp. L. 15.

A record of an Italian diplomat, who takes care not to lift the veil very high.

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ELECTRONIC REPRODUCTION PROHIBITED

FRAGMENTE EINES POLITISCHEN TAGEBUCHES. By Joseph M. Baernreither. Berlin: Verlag für Kulturpolitik, 1928, 352 pp. M. 10.

Part of the diaries of the late Austrian deputy and minister, edited by his friend Dr. Redlich. There are no sensational revelations, but Baernreither was one of the best informed people in Near Eastern matters, and his reflections on the course of Austrian pre-war policy, especially in the Balkans, are of the greatest interest and value.

LA LÉGISLATION SUR LA LIBERTÉ DE LA PRESSE EN YOUGOSLAVIE. By Boja Pavlovitch. Paris: Sagot, 1928, 260 pp. Fr. 35.

A legal and political study of considerable merit.

LA ZONE FRANCHE DE SALONIQUE ET LES ACCORDS GRECO-YOUGOSLAVES. By P. B. Dertilis. Paris: Rousseau, 1928, 89 pp. Fr. 22.

The recent settlement, seen from the Greek standpoint.

THE TRAGEDY OF GREECE. By S. P. P. Cosmetatos. London: Kegan Paul, 1928, 327 pp. 15/.

A revised translation of an important defence of King Constantine's policy, already noted in these pages.

The British Commonwealth of Nations

BRITISH FOREIGN POLICY UNDER SIR EDWARD GREY. By Count Max Montgelas. New York: Knopf, 1928, 159 pp. $2.25.

A searching criticism of Grey's apology by a well-known German writer on war guilt.

L'INTERVENTION MILITAIRE BRITANNIQUE EN 1914. By General Huguet. Paris: Berger-Levrault, 1928, 264 pp. Fr. 20.

The author was French military attaché in London from 1904 to 1912 and in this capacity took a direct part in many of the famous military conversations between England and France from 1905 to 1914. In the first part of his book he throws considerable light on the story of the negotiations, telling how the idea of a military understanding was taken up almost simultaneously by both sides. During the war the author acted as chief of the French mission attached to the British army. His account of the British contribution is ill-disposed and uncomplimentary. As the book was written in 1922 no use has been made of the official histories published in recent years, though these serve, in many points, to contradict the assertions of the writer.

POLITICIANS AND THE WAR. By Lord Beaverbrook. London: Butterworth, 1928, 240 pp. 10/6.

Primarily an account of the first coalition. The writer makes some use of Bonar Law's papers, and attempts, rather unsuccessfully, to glorify the former premier.

LIFE OF GENERAL LORD RAWLINSON OF TRENT. By Sir Frederick Maurice. London: Cassell, 1928, 394 pp. 25/.

A valuable addition to the literature of the war.

PEACE IN OUR TIME. By Sir Austen Chamberlain. London: Allen and Unwin, 1928, 322 pp. 12/6.

Speeches of the foreign minister.

THE BRITISH LIBERAL PARTY. By Hamilton Fyfe. London: Allen and Unwin, 1928, 174 pp. 10/6.

A chronicle of missed opportunities.

NATIONAL POLICY AND NAVAL STRENGTH. By Sir Herbert W. Richmond. New York: Longmans, 1928, 373 pp. $6.00.

The commandant of the Imperial Defence College takes up the old problem of the relation of naval to military tactics, and the difficulties of Britain's position.

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ELECTRONIC REPRODUCTION PROHIBITED

THE IRISH FREE STATE. By Denis Gwynn. New York: Macmillan, 1928, 436 pp.
A good survey of the course of events from 1922 to 1927, written by a supporter of the government.

THE CONSTITUTION OF NORTHERN IRELAND. By Sir Arthur S. Quekett. London: H. M. S. O., 1928, 90 pp. 3/6.
A government official discusses the origin and development of the constitution.

INDIA IN 1926–1927. By J. Coatman. Calcutta: Government of India, 1928, 377 pp. 3/6.
The latest edition of an invaluable government survey.

THE INDIA WE SERVED. By Sir Walter R. Lawrence. London: Cassell, 1928, 332 pp. 25/.
A modest and sagacious book on the general situation, by a well-known administrator, formerly secretary of Lord Curzon.

LIFE AND TIMES OF C. R. DAS. By Prithwis C. Ray. New York: Oxford University Press, 1928, 329 pp.
A valuable contribution to the history of Bengal in the period after 1900.

THE PROBLEM OF INDIAN ADMINISTRATION. Baltimore: Johns Hopkins Press, 1928, 894 pp. $5.00.
One of the exhaustive publications of the Institute for Government Research.

The Near East

GESCHICHTE DER NATIONALEN BEWEGUNG IM ORIENT. By Hans Kohn. Berlin: Vowinckel, 1928, 377 pp. M. 24.
The author, long resident in the East, has written a most scholarly and systematic account of the rise of democratic and nationalistic ideas in Egypt, Turkey, Arabia, Persia, Afghanistan and India. The exhaustive bibliography is of great value.

LA VERITÉ SUR UNE DRAME HISTORIQUE. By E. Dourmoussis. Paris: Caffin, 1928, 160 pp. Fr. 10.
An indictment of the Turks in the matter of the Smyrna catastrophe.

L'ÉVOLUTION POLITIQUE DE LA SYRIE SOUS MANDAT. By E. Rabbath. Paris: Rivière, 1928, 280 pp. Fr. 25.
A careful work of an important subject.

LE NATIONALISME ÉGYPTIEN. By B. G. Gaulis. Paris: Berger-Levrault, 1928, 204 pp. Fr. 15.
A review of the events of the past four years.

ARMENIA AND THE NEAR EAST. By Fridtjof Nansen. London: Allen and Unwin, 1928, 328 pp. 15/.
The people and their history, together with the writer's observations as a representative of the League investigating the possibility of re-settling the Armenians.

L'IRAQ ET LA SOCIÉTÉ DES NATIONS. By C. A. Hooper. Paris: Pedone, 1928, 108 pp.
A well-documented discussion of the international status of Iraq.

THE PERSIAN GULF. By Lieutenant Colonel Sir Arnold T. Wilson. New York: Oxford University Press, 1928, 344 pp. $7.00.
An excellent survey from the earliest times, though the recent period is rather superficially treated.

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Africa

LA QUESTION MÉDITERRANÉENNE. By Charles Bénoist. Paris: Attinger, 1928, Fr. 15.

The history of European policy in Morocco, Tunis, Tripoli and Asia Minor, by a prominent French historian.

LE MONDE MUSULMAN DANS LES POSSESSIONS FRANÇAISES. By J. Sicard. Paris: Larose, 1928, 240 pp. Fr. 12.

An important contribution to the understanding of France's colonial problems.

L'ALGÉRIE ET L'ÉVOLUTION DE LA COLONISATION FRANÇAISE. By Christian Schefer. Paris: Champion, 1928, 542 pp. Fr. 50.

An exhaustive study, by a professor at the École des Sciences Politiques.

NOS RICHESSES SOUDANAISES ET LE CHEMIN DE FER TRANSSAHARIEN. By Colonel Maurice Abadie. Paris: Éditions Géographiques, 1928, 78 pp. Fr. 5.

A plea for a railway across the Sahara.

LE MAROC ET L'EUROPE. By A. G. P. Martin. Paris: Leroux, 1928, 146 pp. Fr. 9.

A splendid survey covering the past twenty-five years and stressing the international negotiations of 1927–1928.

TANGERI. By Livio Bragadin. Rome: Porta, 1927, 86 pp. L. 15.

An Italian analysis of the Tangiers problem, with particular reference to the recent agreements.

The Far East

THE CHINA YEAR BOOK, 1928. Edited by H. G. W. Woodhead. Chicago: Chicago University Press, 1928, 1147 pp.

An invaluable handbook of general information, including a concise section on recent events and a useful "Who's Who in China."

L'ENIGME CHINOISE. By Count Carlo Sforza. Paris: Payot, 1928, 208 pp. Fr. 18.

One of the most significant and penetrating books yet published on the crisis in the Far East. The former Italian foreign minister, who spent much of his earlier career representing his country in China and who paid an extended visit to the Far East in 1926–1927, goes far beyond the usual thin generalizations which fill so many books on the subject. His treatment is not colored by any particular preferences, but is characterized by keen observation and deep insight. The problems raised by the appearance of a popular press, the Bolshevik influence, the difficulties of the European administrations of the customs and posts, the crisis of the Christian missions and the policies of the various European powers are all treated in an original and stimulating way. Count Sforza has no hope for an early solution and makes it quite clear that in his opinion the world must look for serious repercussions of the Chinese developments in Indo-China and the East Indies.

SUN YATSENS VERMÄCHTNIS. By Gustav Amann. Berlin: Vowinckel, 1928, 271 pp. M. 8.50.

The history of the revolution, by an eyewitness.

CHINA AND WORLD PEACE. By M. J. Bau. New York: Revell, 1928, 194 pp. $2.00.

The author, a professor at the University of Peking, examines the chief points at issue between China and the Powers, and suggests ways and means of a settlement.

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CHINESE REALITIES. By John Foster. London: Edinburgh House, 1928, 240 pp. 2/6.

A young missionary paints an optimistic picture of China's future under the nationalist régime.

CHINA AND ENGLAND. By W. E. Soothill. New York: Oxford University Press, 1928, 238 pp. 7/6.

A series of lectures by a writer long resident in China, in which the history of Anglo-Chinese relations and the outstanding problems of the present are passed in review.

THAT UNTRAVELL'D WORLD. Groton: Groton School, 1928, 181 pp. $2.50.

An interesting introductory volume on the Chinese situation, written by the students of Groton School.

THE MASTERY OF THE PACIFIC. By Sir Frank Fox. London: Lane, 1928, 285 pp. 8/6.

An Australian writer's plea for an Anglo-American understanding to obviate a future clash in the Pacific.

Latin America

LA AGONIA ANTILLANA. By Luis Araquistain. Madrid: Espasa-Calpe, 1928, 296 pp.

A brilliant but restrained indictment of Yankee imperialism in the Caribbean. The author sees the chief danger in the crowding out and impoverishment of the white population by the sugar interests and the system of absentee landlordism.

BLACK DEMOCRACY. By H. P. Davis. New York: Dial, 1928, 383 pp. $5.00.

A history of Haiti by one long resident in the island. Fair in tone, though critical of the American policy.

THE ROMAN CATHOLIC CHURCH AS A FACTOR IN THE POLITICAL AND SOCIAL HISTORY OF MEXICO. By Ernest Galarza. Sacramento: Capital Press, 1928, 188 pp. $2.50.

An interesting presentation of a crucial factor.

COMMERCE OF SOUTH AMERICA. By Clarence F. Jones. New York: Ginn and Company, 1928, 600 pp. $3.20.

An exhaustive scholarly survey of the trade of the South American countries, one by one, with an interesting chapter on the United States and its competitors.

Miscellaneous

RACE AND CIVILIZATION. By Friedrich Hertz. New York: Macmillan, 1928, 340 pp. $7.50.

An Austrian sociologist examines and demolishes recent theories of race superiority.

LE MONDE ÉCONOMIQUE, 1918–1927. By Achille Viallate. Paris: Rivière, 1928, 260 pp. Fr. 30.

The best general book on post-war economic developments, problems and possible solutions, by a professor at the École des Sciences Politiques.

LA POLITIQUE DOUANIÈRE DES TROIS PRINCIPAUX ÉTATS EUROPÉENS ET CELLE DE LA SOCIÉTÉ DES NATIONS. By A. C. Pilavachi. Paris: Guillon, 1928, 420 pp. Fr. 30.

Sheds an embarrassing light on the tariff policies of the Great Powers.

THE INTELLIGENT WOMAN'S GUIDE TO SOCIALISM AND CAPITALISM. By Bernard Shaw. New York: Brentano, 1928, 495 pp. $3.00.

The English writer's latest tract.

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Documents may be procured from the following: United States: Gov't Printing Office, Superintendent of Documents, Washington, D. C. Great Britain: British Library of Information, 44 Whitehall St., New York. France: Terquem, 1 Rue Scribe, Paris. League of Nations, Int. Labor Office and Perm. Court of Int. Justice: World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted.

AIR NAVIGATION

INTERNATIONAL Commission for Air Navigation. Official Bulletin No. 13. Paris, 1927. 72 p. 31 cm. $1.50.

Contains the latest revision of the International Convention on Air Navigation.

ANTI-WAR TREATY

CORRESPONDENCE with the United States Ambassador respecting the United States Proposal for the Renunciation of War. London, 1928. 26 p. 24½ cm. (United States No. 1 (1928), Cmd. 3109.) 6d. net.

FURTHER Correspondence with the Government of the United States respecting the United States Proposal for the Renunciation of War. London, 1928. 10 p. 24½ cm. (United States No. 2 (1928), Cmd. 3153.) 3d. net.

NOTES Exchanged between the United States and Other Powers on the Subject of a Multilateral Treaty for the Renunciation of War. June 20, 1927–June 23, 1928. Washington, 1928. 10 cents.

ARBITRATION AND CONCILIATION

ARBITRATION. Conference of conciliation and arbitration, report to the end that legislation may be enacted to enable President of United States to extend to Republics of America invitation to attend a conference of conciliation and arbitration to be held at Washington during 1928, and authorizing appropriation therefor. April 2, calendar day April 3, 1928. 3 p. (S. Doc. 79, 70th Cong., 1st sess.) Paper, 5 cents.

ARBITRATION with Germany. Message from the President of the United States transmitting Treaty of Arbitration between the United States and Germany, signed at Washington on May 5, 1928. Washington, 1928. 3 p. 24 cm. (70th Cong., 1st sess., Sen. Exec. K.)

ARBITRATION with Italy. Message from the President of the United States transmitting Treaty of Arbitration concluded between the United States and Italy at Washington on April 18, 1928. 3 p. 24 cm. (70th Cong., 1st sess., Sen. Exec. J.)

CONCILIATION with Germany. Message from the President of the United States transmitting Treaty of Conciliation between the United States and Germany, signed at Washington on May 5, 1928. Washington, 1928. 3 p. 24 cm. (70th Cong., 1st sess., Sen. Exec. L.)

CONFERENCE of conciliation and arbitration of Republics of America, report to accompany H. J. Res. 262; submitted by Mr. Morton D. Hull, April 3, 1928. 2 p. (H. rp. 1123, 70th Cong., 1st sess.) Paper, 5 cents.

CONVENTION between His Majesty and the President of the United Mexican States for the settlement of British Pecuniary Claims in Mexico arising from loss or damage from Revolutionary Acts between November 20, 1910 and May 31, 1920. London, 1928. 10 p. 24½ cm. (Treaty Series No. 11 (1928), Cmd. 3085.) 3d. net.

ARBITRATION AND SECURITY

ARBITRATION and Security. Systematic Survey of the Arbitration Conventions and Treaties of Mutual Security deposited with the League of Nations. (Second Edition, revised and augmented, containing all treaties registered before December 15, 1927.) Geneva, 1927. 491 p. 24½ cm. (League of Nations, C. 653 M. 216. 1927. V. 29.)

DOCUMENTS of the Preparatory Commission for the Disarmament Conference entrusted with the Preparation for the Conference for the Reduction and Limitation of Armaments. Series VI. Minutes of the Second Session of the Committee on Arbitration and Security and of the Fifth Session of the Preparatory Commission for the Disarmament Conference. Geneva, April 4, 1928. 356 p. 33 cm. (League of Nations, C. 165. M. 50. 1928. IX. 6.)

ARMS—SZENT-GOTTHARD INCIDENT

REQUESTS of the Governments of Czechoslovakia, Roumania, and the Kingdom of the Serbs, Croats and Slovenes for the consideration by the Council of the Incident which occurred on January 1, 1928, at the Szent-Gotthard Railway-station on the Austro-Hungarian Frontier. Report to the Council by the Committee of Three. 27 p. 33½ cm. (League of Nations, C. 199. 1928. IX. 7.)

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BALANCE OF TRADE

MEMORANDUM on International Trade and Balance of Payments, 1912–1926. Vol. II. Trade Statistics of Sixty-four Countries (including provisional summary figures for 1927). Geneva, 1928. 881 p. 27 cm.

COMMERCIAL TREATIES

ECONOMIC COMMITTEE. Application of the International Convention relating to the Simplification of Customs Formalities. Measures taken by the Governments to give Effect to the Provisions of the Convention. (Summaries communicated by the Governments Parties to the Convention in execution of Article 9.) Geneva, April 16, 1928. 28 p. 33 cm. (League of Nations, C. 180. M. 56. 1928. II. 15.)

EXCHANGE of Notes between His Majesty's Government in Great Britain and the Spanish Government regarding the interpretation of the Anglo-Spanish Commercial Treaty of October 31, 1922, as revised by the Convention of April 5, 1927. London, 1928. 3 p. 24½ cm. (Treaty Series No. 10 (1928), Cmd. 3074.) 1d. net.

FRIENDSHIP, Commerce, and Consular Rights. Message from the President of the United States transmitting a Treaty of Friendship, Commerce, and Consular Rights between the United States and Honduras, signed at Tegucigalpa on December 7, 1927. Washington, 1928. 14 p. 23 cm. (70th Cong., 1st sess., Sen. Exec. C.)

COURT OF ARBITRATION, PERMANENT

PERMANENT COURT of Arbitration. Arbitral Award rendered in conformity with the Special Agreement concluded on January 23, 1925, between the United States of America and The Netherlands relating to the Arbitration of differences respecting Sovereignty over the Island of Palmas (or Miangas). The Hague, International Bureau of the Permanent Court of Arbitration, 1928. 63 p. 31 cm.

THE ISLAND OF PALMAS Arbitration before the Permanent Court of Arbitration at the Hague under the Special Agreement Concluded between the United States of America, and the Netherlands January 23, 1925. Report of Fred K. Nielsen. [Washington, 1928.] 51 p. 23 cm.

RAPPORT du Conseil administratif de la Cour Permanente d'Arbitrage sur les travaux de la Cour, sur le fonctionnement des services administratifs et sur les dépenses pendant l'exercise 1927. La Haye, Bureau International de la Cour Permanente d'Arbitrage, 1928. 47 p. 32 cm.

COURT OF INTERNATIONAL JUSTICE, PERMANENT

ACTS and Documents relating to Judgments and Advisory Opinions given by the Court. Twelfth Session. Documents relating to Advisory Opinion No. 14. Jurisdiction of the European Commission of the Danube between Galatz and Braila. Leyden, 1928. 2 vols. 24 cm. (Series C, No. 13–IV.)

COLLECTION of Judgments. Rights of Minorities in Upper Silesia (Minority Schools). Leyden, 1928. 88 double pages, 24 cm. (Series A, No. 15.)

ECONOMIC CONFERENCE, WORLD

ECONOMIC Organisation. Consultative Committee. Application of the Recommendations of the International Economic Conference. Report on the Period May 1927 to May 1928. Geneva, April 27, 1928. 43 p. 26½ cm. (League of Nations, C. C. E. 7. 1928. II. 16.)

———. REPORT of the Economic Consultative Committee on its First Session, held in Geneva from May 14 to 19, 1928. 28 p. 26½ cm. (League of Nations, C. 217. M. 73. 1928. II. 18.)

ECONOMIC Committee. International Conference on Economic Statistics. Preparatory Documents. Geneva, 1928. 101 p. 33 cm. (League of Nations, C. S. O. 1. 1928. II. 6.)

EGYPT

PAPERS respecting the proposed Egyptian Law regulating Public Meetings and Demonstrations. London, 1928. 24 p. 24½ cm. (Egypt No. 2 (1928), Cmd. 3097.) 6d. net.

ENEMY PROPERTY

ARRANGEMENT effected by Exchange of Notes between the United States and Great Britain regarding the Releases of Property Seized under the American and British Trading with the Enemy Acts. Washington, 1928. 4 p. 23½ cm. (Treaty Series No. 754-A.)

TRADING with the Enemy Act, as amended, with original act and amendments thereto prior to April 2, 1928, and Settlement of war claims act of 1928; prepared by Office of Legislative Counsel. April 2, 1928. Washington, 1928. iii, 129 p. Paper, 15 cents.

FOREIGNERS, TREATMENT

DRAFT CONVENTION on the Treatment of Foreigners. Geneva, April 17, 1928. 38 p. 33 cm. (League of Nations, C. 174. M. 53. 1928. II. 14.)

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LEAGUE OF NATIONS

QUESTION of the Proposed Reduction in the Annual Number of Sessions of the Council. 12 p. 33 cm. (League of Nations, C. 150. M. 40. 1928.)

RELATIONS between the League of Nations and the Institutes or Bodies set up under its Authority. Geneva, June 1928. 3 p. (League of Nations, A. 12. 1928. XII. B. 1.)

REPORT to the Ninth Ordinary Session of the Assembly of the League on the Work of the Council, on the Work of the Secretariat and on the Measures taken to execute the Decisions of the Assembly. Geneva, June 1, 1928. 120 p. 33 cm. (League of Nations, A. 6. 1928. 3. General.)

SECRETARIAT and Special Organisations. International Labour Organisation, Permanent Court of International Justice, Staff Provident Fund. AUDITED Accounts for the Ninth Financial Period (1927). Geneva, May 1, 1928. 79 p. 33 cm. (League of Nations, A. 3. 1928. X. 1.)

LITERARY AND ARTISTIC PROPERTY

INTERNATIONAL Conference on Literary and Artistic Property at Rome, Italy, report to accompany H. J. Res. 286; submitted by Mr. Burton. April 28, 1928. Washington, 1928, 2 p. (H. Rp. 1402, 70th Cong., 1st sess.) 5 cents.

MANDATES

MANDATES. Statistical Information concerning Territories under Mandate. Geneva, May 21, 1928. 15 p. 32½ cm. (League of Nations, C. 143. M. 34. 1928. VI. A. 4. (C. P. M. 698).)

COMMONWEALTH OF AUSTRALIA. Report to the Council of the League of Nations on the Administration of Nauru during the Year 1927. (Submitted in conformity with Article 22 of the Covenant of the League of Nations.) H. J. Green, Government Printer, Canberra, 1928. 76 p. 33½ cm. (F. 275.)

MANDATES. Nauru. Information forwarded by the Australian Government after consideration of the Report on Nauru for 1926 by the Permanent Mandates Commission at its Eleventh Session. Geneva, May 14, 1928. 4 p. 32 cm. (League of Nations, C. 208. 1928. VI. A. 6.)

COMMONWEALTH OF AUSTRALIA. Report to the Council of the League of Nations on the Administration of the Territory of New Guinea from 1st July, 1926, to 30th June, 1927. (Submitted in conformity with Article 22 of the Covenant of the League of Nations.) H. J. Green, Government Printer, Canberra, 1928. 148 p. 33½ cm. (F. 141.)

MANDATES. New Guinea. Observations of the Australian Government on the Council's Decision concerning the Report of the Permanent Mandates Commission on the Work of its Eleventh Session. Geneva, May 15, 1928. 5 p. 32 cm. (League of Nations, C. 206. 1928. VI. A. 5.)

MANDATES. Western Samoa. Observations of the New Zealand Government. Geneva, June 13, 1928. 2 p. 33 cm. (League of Nations, C. 323. 1928. VI. A. 7.)

REPORT by His Britannic Majesty's Government to the Council of the League of Nations on the Administration of Palestine and Trans-Jordan for the year 1927. London, 1928. 130 p. 24½ cm. (Colonial No. 31.) 58-31-0-27. 4s. 3d. net.

MARITIME

AGREEMENT between His Majesty's Government in Great Britain and the Icelandic Government for the Exemption of Shipping Profits from Double Taxation. London, 1928. 3 p. 24½ cm. (Treaty Series No. 12 (1928), Cmd. 3094.) 1d. net.

LOAD LINE. Establishing load lines for American vessels (in foreign trade), report to accompany S. 1781; submitted by Mr. Jones. April 6, 1928. Washington, 1928. 3 p. (S. Rp. 712, 70th Cong., 1st sess.) Paper, 5 cents.

PROPOSALS for Agreements between His Majesty's Government in Great Britain and the Norwegian Government regarding Territorial Waters and Fisheries off the Norwegian Coast. London, 1928. 7 p. 24½ cm. (Norway No. 1 (1928), Cmd. 3121.) 2d. net.

UNIFICATION of Rules relating to Bills of Lading for Carriage of Goods by Sea. Message from the President of the United States transmitting Certified Copy of a Convention for the Unification of Certain Rules relating to Bills of Lading for the Carriage of Goods by Sea and a Protocol of Signature thereto, which were signed on behalf of the United States by the American Ambassador at Brussels on June 23, 1925. Washington, 1927. 15 p. 23 cm. (29th Cong., 2nd sess. Sen. Exec. E. Confidential.)

NICARAGUA

OPERATION of Naval Service in Nicaragua, May 4, 1927-April 16, 1928. Washington, 1928. (1)-6p. (S. Doc. 86, 70th Cong., 1st sess.) 5 cents.

PAN AMERICAN CONFERENCE

REPORT of the Delegates of the United States of America to the Sixth International Conference of American States held at Habana, Cuba, January 16 to February 20, 1928. With appendices. Washington, 1928. vi, 343 p. 50 cents.

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REPARATION

REPORT of the Agent-General for Reparation Payments (June 7, 1928). London, 1928. 134 p. 24½ cm. (Reparation Commission. XVIII. Official Documents.)

REPORT of the Commissioner for the German Railways (June 1, 1928). REPORT of the Commissioner of the Reichsbank (June 5, 1928). REPORT of the Commissioner of Controlled Revenues (May 10, 1928). REPORT of the Trustee for German Industrial Debentures (May 15, 1928). REPORT of the Trustee for German Railway Bonds (June, 1928). London, 1928. 207 p. 24½ cm. (Reparation Commission. XVIIIA. Official Documents.)

ARBITRAL Tribunal of Interpretation created under the Provisions of Annex II to the London Agreement of August 9, 1924, between the Reparation Commission and the German Government. Award No. III, delivered on May 29, 1928. [s Gravenhage, 1928.] 42 p. 33 cm.

ARRANGEMENTS between Great Britain, France, Italy and Bulgaria for the Reparation Payments by Bulgaria under Articles 121 and 122 of the Treaty of Neuilly of November 27, 1919. London, 1928. 1 p. 24½ cm. (Bulgaria No. 1 (1928), Cmd. 3133.) 1d. net.

SANITARY CONVENTION

REVISION of International Sanitary Convention of January 17, 1912. Message from the President of the United States transmitting an International Convention signed at Paris on June 21, 1926, Revising the International Sanitary Convention of January 17, 1912. Washington, 1927. 70 p. 23½ cm. (69th Cong., 2d sess., Exec. D.)

TRADE PROHIBITIONS AND RESTRICTIONS

INTERNATIONAL Convention for the Abolition of Import and Export Prohibitions and Restrictions. Observations made by Various Governments on the Exceptions Claimed in virtue of Article 6 of the Convention. Geneva, May 7, 1928. 8 p. 33 cm. (League of Nations, C. I. A. P. 25. 1928. II. 17.)

WOMEN, TRAFFIC IN

ADVISORY Commission for the Protection and Welfare of Children and Young People. Traffic in Women and Children Committee. MINUTES of the Seventh Session. Geneva, June 1, 1928. 148 p. 33 cm. (League of Nations, C. 184. M. 59. 1928. IV. 15.)

ADVISORY Commission for the Protection and Welfare of Children and Young People. Traffic in Women and Children Committee. REPORT of the Seventh Session. Geneva, March 28, 1928. 10 p. 32½ cm. (League of Nations, C. 154. 1928. IV. 13.)

ADVISORY Commission for the Protection and Welfare of Children and Young People. Traffic in Women and Children Committee. Seventh Session. REPORT of the Jewish Association for the Protection of Girls and Women. For the Year ending December 31, 1928. Geneva, February 8, 1928. 8 p. 33 cm. (League of Nations, C. T. F. E. 365. 1928. IV. 5.)

———. TRAFFIC in Women and Children Committee. Seventh Session. Report by Madame Avril de Sainte-Croix, Delegate of the International Women's Associations. Geneva, February 11, 1928. 12 p. 33 cm. (League of Nations, C. T. F. E. 370. 1928. IV. 7.)

——— ———. REPORT for the Year 1927 of the Association Catholique Internationale des Oeuvres de Protection de la Jeune Fille. Geneva, February 27, 1928. (League of Nations, C. T. F. E. 375. 1928. IV. II.)

——— ———. REPORT of the International Federation of the "Amies de la Jeune Fille" for 1927. Geneva, February 13, 1928. 2 p. 33 cm. (League of Nations, C. T. F. E. 371. 1928. IV. 8.)

——— ———. SUPPRESSION of the Circulation of and Traffic in Obscene Publications. Summary of Reports received from Governments. Geneva, February 8, 1928. 8 p. 33 cm. (League of Nations, C. T. F. E. 369. 1928. IV. 6.)

DEPARTMENT OF STATE RELEASES

The Department of State, Division of Current Information, issues to the press copies of documents made public from time to time. Recent releases are listed below, with identifying numbers. Application for authentic copies should be made to the Division of Current Information, Department of State, Washington, D. C. They are mimeographed and are to be distinguished from publications of the Department which issue from the Government Printing Office.

ADDRESSES — Remarks of welcome to German and Irish aviators by Secretary of State, May 2, S. D. 376, May 2.

Remarks of Frank B. Kellogg, Secretary of State, at Fairmount Park, Philadelphia, on June 6, S. D. 377, June 4.

Address of Frank B. Kellogg at tercentenary of founding of First Reform Dutch Church, 1628, on the Island of Manhattan, New York City, delivered at Pennsylvania Hotel, June 11, S. D. 378, June 8.

AUSTRIA — August 15, fixed as final time for declaration of rights not contained in open registers of land in Vienna district, S. D. 379, June 27.

CHILE-PERU — Text of Secretary Kellogg's note dated July 9 to the Minister of Foreign Affairs of Chile concerning reëstablishment of Chilean and Peruvian diplomatic relations, S. D. 381, July 13.

Text of reply, July 11, from Minister of Foreign Affairs of Chile, S. D. 380, July 13.

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CHINA — Receipt of telegram dated April 23 from American Minister in Peking concerning Chefoo bandits and collapse of Shantung Government, S. D. 382, April 23.
Text of a letter from the American Minister at Peking, May 6, to Hwang Fu, Minister of Foreign Affairs of Nationalist Government at Nanking, S. D. 383, May 23.
Message from Chiefs of Mission, Peking, to Marshals Chiang, Feng and Yen, June 4, S. D. 384, June 4.
CLAIMS — Reply from Ministry of Foreign Affairs of Nationalist Government to the message of May 18, from the American Minister, S. D. 385, June 5.
CONFERENCES — International Conference on Literary and Artistic property, April 25, S. D. 388, April 25; S. D. 390, May 10.
List of United States delegates to the Eighth International Dairy Conference to be held at London, June and July, S. D. 389, April 30.
International Conference on Civil Aeronautics, Chicago, December, S. D. 393, July 20.
FRANCE — Investigation of cost of production of certain articles produced in France, S. D. 394, May 25.
Announcement of purchase of embassy building in Paris, S. D. 395, June 7.
GUATEMALA-HONDURAS — Text of a communication transmitted by the American Ministers in Guatemala and Honduras to Ministers for Foreign Affairs, June 5, S. D. 396, June 6.
IMMIGRATION QUOTAS — List of quotas and visas granted, S. D. 397, May 18; S. D. 398, June 13.
NICARAGUA — Report of Minister Eberhardt concerning decision of National Board of elections not to recognize either faction of Conservative party to exclusion of other, S. D. 399, July 9.
RADIO — International Telegraphic Code Conference, Brussels, S. D. 391, June 15.
Statement by H. F. Coulter, chief of the International Account Section, Radio Division, Department of Commerce, June 25, concerning the so-called Cortina report, S. D. 400, June 25.
TREATIES — *Albania* — Arbitration and conciliation, negotiations, S. D. 401, April 24.
Jugoslavia — Arbitration and conciliation, negotiations, S. D. 402, April 25.
Sweden — Arbitration and conciliation, negotiations, S. D. 403, April 26.
Germany — Arbitration and conciliation, signed, S. D. 404, May 5.
Finland — Arbitration and conciliation, signed, S. D. 405, June 7.
Denmark — Arbitration and conciliation, signed, S. D. 406, June 15.
Austria — Friendship, commerce and consular rights, signed, S. D. 407, June 18.
Honduras — Friendship, commerce and consular rights, in force, S. D. 408, July 20.
Norway — Friendship, commerce and consular rights, signed, S. D. 409, June 6.
Czechoslovakia — Naturalization, signed, S. D. 410, July 19.
Persia — Treaty replacing the American treaty of 1856, which terminated on May 10, 1928, S. D. 411, May 17.
Appointment of American national and non-national commissioners under various "Bryan treaties", S. D. 412, May 14.
Report of International Fisheries Commission appointed under the Northern Pacific halibut treaty, S. D. 413 and 414, June 7.
Guatemala — Text of note delivered July 9 by the Guatemalan Minister of Foreign Affairs to Arthur Geissler, American Minister to Guatemala, S. D. 415, July 23.
Conference on Conciliation and Arbitration. Text of note sent to all American diplomatic missions in Latin America for delivery, June 19, S. D. 416, June 20.
ANTI-WAR TREATIES — Secretary Kellogg's note of May 22, to His Majesty's Dominions Government and to the Government of India, proposing treaty for renunciation of war, and replies thereto, S. D. 417.
Secretary Kellogg's note of June 23, 1928, making a second proposal for the signature of an anti-war treaty, and replies thereto, S. D. 418.
Replies to note of April 13:
German Government, S. D. 419, April 30.
Government of Italy, S. D. 420, May 9.
Great Britain, S. D. 421, May 19.
Great Britain's note *re* Dominions' cordial agreement with the general principle of the multilateral treaty for the renunciation of war. S. D. 422, May 21.
Japan, S. D. 423, May 26.
Replies to note of May 22:
New Zealand, S. D. 417 a, May 31.
Irish Free State, S. D. 417 b, May 31.
Canada, S. D. 417 c, June 1.
Australia, S. D. 417 d, June 4.
India, S. D. 417 e, June 12.
Union of South Africa, S. D. 417 f, June 15.
Replies to note of June 23:
German Government, S. D. 418 a, July 12.
French Government, S. D. 418 b, July 15.
Italian Government, S. D. 418 c, July 15.
Government of Irish Free State, S. D. 418 d, July 16.
Government of Belgium, S. D. 418 e, July 17.
Government of Poland, S. D. 418 f, July 18.
Government of New Zealand, S. D. 418 g, July 19.
Australian Government, S. D. 418 h, July 19.
Indian Government, S. D. 418 i, July 19.
Canadian Government, S. D. 418 j, July 19.
British Government, S. D. 418 k, July 19.
Government of the Union of South Africa, S. D. 418 l, July 19.
Czechoslovak Government, S. D. 418 m, July 21.
Japanese Government, S. D. 418 n, July 20.

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